East India

Indian Financial Statement and Budget

1919-20 & 1921-22.

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EAST INDIA (FINANCIAL STATEMENT AND BUDGET).

INDIAN FINANCIAL STATEMENT and BUDGET for 1919-20, and Discussions thereon in the Legislative Council of the Governor-General.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

FINANCIAL STATEMENT AND BUDGET

FOR

1919-1920.

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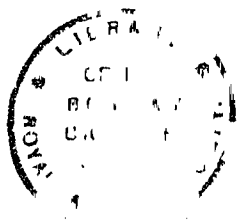

Narrative of the Honourable Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1919-20.

Introductory.

The treatment of the Financial Statement in Council will follow the same lines as last year. It is presented to-day: a general debate upon it will take place on the 7th instant; the second and third stages of the discussion will open on the 8th instant; and it is hoped that the Budget in its final form will be presented on the 21st instant. The statement this year has been made as brief as possible, consistently with the number of important topics on which it is bound to touch.

SECTION I.—THE YEAR 1918-1919.

A.—General characteristics.

2. It is doubtful whether, in the financial history of British India, there has been a year of more diversified character or varied difficulties than 1918-1919. To understand our transactions during the twelve months, and our commitments for the future, explanations are necessary which, however briefly put, must cover a wide area.

3. *The Armistice.*—Dominating all other features of the year, financial or others, was the sudden cessation of hostilities in November. The last budget was presented at a time of grave crisis for the Allied arms, when Germany was making its final and greatest endeavour to break through our line in France. The peril had the effect in India of calling forth more strenuous effort, in men and materials; and the first seven months of the year were a period of great and widespread activity. Up to the end of October, the value of the external trade of India was bigger than in either of the two previous years; the exports of food grains, tea and gunny bags being evidence of India's material help to the Allied countries, and the imports of sugar and textiles being indicative of the high prosperity which she reaped in return. The railway revenue corresponded: and at one time it looked as if trade remittances through the Secretary of State would be heavier than the record figure of the previous year. Prices remained high, and there was much speculation based on the expectancy that this hectic energy would endure. With the armistices came a sudden change. The wheat export had stopped in September for other reasons; but cotton now fell off immediately, and there was a great slackening in gunnies. Imports of all kinds declined sharply, chiefly sugar and piece-goods. Panic fell upon the cloth market: prices came tumbling down, forward orders were cancelled and peace brought catastrophe to those who had been gambling wildly on the continuation of war. The reaction on the Government exchequer was mainly caused by the complete cessation of trade remittances to India. The Secretary of State stopped selling bills near the end of October, and since then we have lost the large exchange profits which a one-and-six penny rupee had been yielding us, while we had to go on at express speed coining rupees, and losing on them, to meet the unassuaged thirst of the people for metallic currency. All these factors will be discussed in more detail later. The cardinal point is that peace has laid its hand upon the unhealthy prosperity which the war had brought us; and we have now to descend to a more normal plane of trade and business.

4. *Scarcity.*—To this painful process the chief obstacle at present is the persistently high range of prices for all the necessities, as well as the comforts, of life. The world factors responsible for high prices have been supplemented, so far as

cereals are concerned, by the unfortunate agricultural situation over a large area in India. The outlook when the last Budget was prepared was generally good, although the several meteorological disturbances of the cold weather type which had appeared in January and February 1918 were all feeble and gave little rain. The weather was accordingly exceptionally dry throughout northern and central India. In the Peninsula on the other hand conditions had been unusually disturbed during January and February, and very heavy rain for the time of the year occurred in the west coast districts. The Arabian Sea monsoon appeared nearly three weeks before its normal date and gave widespread and unusually heavy rain over nearly the whole of the Peninsula for about five weeks. Its activities then began to decline and, after an appreciable improvement during the latter half of August, it merged during September into a complete break which continued till the end of the regular monsoon season. The Bay monsoon also arrived upwards of two weeks earlier than usual, and was of normal intensity. But unfortunately its activities were confined during nearly the whole season to Burma and north-east India. The average rainfall over the plains was in defect by 6·5 inches, or 19 per cent., which is the highest deficiency on record since the year 1899. The prolonged break in the monsoon adversely affected the area and yield of the principal crops. The condition of the crops now standing is on the whole favourable, especially in the northern and central parts of the country, but there is a serious reduction in area. The shortage of rain has affected most provinces, although the Peninsula was favoured with abundant rain during November and December and more recent falls have much improved prospects in the Punjab, Central Provinces and the United Provinces. The agricultural record of the closing year is therefore an unhappy one, and has entailed the usual consequences. Famine has had to be declared in the Ahmednagar district and in certain other parts of Bombay. Scarcity has been declared in 2 districts of the United Provinces, 6 districts of the Central Provinces, 11 districts and the Kathiawar Agency of Bombay. Distress prevails in Bankura, and is impending in Angul, in 5 districts of the United Provinces, 2 districts of Madras, and considerable areas in Central India. The number of persons on test works, in receipt of gratuitous relief, and in poor houses during the week ending 15th February 1919 was 128,178. Cattle are suffering even more than men, for there is a serious scarcity of fodder in the United Provinces, the Punjab, Bombay, Rajputana and the Bogra district of Bengal. Concession rates for the carriage of fodder by rail to affected areas have been sanctioned, and Fodder Controllers have been appointed in the Punjab and Bombay. All the elaborate mechanism for famine relief, well tried and now thoroughly understood, is ready to combat distress in its various forms. The approved prophylactic of agricultural loans on a generous scale has been already applied, the large sum of two crores having been sanctioned for advances in the United Provinces alone. The good seasons of recent years and the full prices paid for agricultural produce must have accumulated unusual reserves of rural wealth, and it may be expected that widespread or acute distress will be averted ; but it is a sad reflection that this calamity should have befallen the country at a time when it had hoped to join in the universal thanksgiving at the end of war.

5. *The Influenza.*—More calamitous than famine, or than a great campaign, has been the epidemic of influenza which ravaged India in the autumn of 1918. A reference to this terrible scourge was made by His Excellency the Viceroy in his speech at the opening of this session; and all that need be added is to emphasize the effect of the epidemic in weakening the capacity of the rural population to cope with their ordinary work, and particularly with the drought which simultaneously fastened on them. It has had most depressing results on rural efficiency, and has complicated the task of famine relief.

6. *Commerce and Prices.*—In judging of the year's trade, it has to be remembered that the steady rise in prices, which continued from 1917-18 into the current year, frequently obscures an actual fall in the volume of imports or exports. Subject to this reservation we have an increase of £8 millions in the total value of private merchandise imported into India during the first nine months of the current year, as compared with the same period in 1917. For exports of private merchandise, the increase is over £9 millions. The export figures incidentally demonstrate the extent to which India was able to increase her assistance in the way of supplies to the Allied nations and their armed forces. Exports of cereals rose by over 50 per cent. to a total in 1917-18

of 5,400,000 tons valued at £36,000,000. In the case of wheat the record figure of 1,500,000 tons was reached. In the earlier months of the current year, India's contribution of foodstuffs was maintained at an even higher level than in 1917. With the failure of the monsoon, however, the exportable surplus rapidly diminished and artificial checks on export have had to be imposed. Fortunately a marked improvement took place in the food situation in the Allied countries during the summer months.

7. Our command of raw materials apart from cereals placed us in a highly favourable position until the effects of scarcity began to make themselves felt. The trade in oilseeds suffered, it is true, from the shortage of freight, which was naturally most marked in the case of seeds not essential for war purposes. But a rapid expansion has taken place in the crushing of seed for the export of oil, and there is a marked rise in prices : oil cake tends more and more to be retained for local consumption. Last year raw jute continued to decline as an export, and prices were low. In the summer of 1918 a sharp recovery took place, when it was apparent that the crop was likely to be short; and with an improvement in shipping facilities exports during the first nine months of the current year showed an advance in value of 100 per cent. on the 1917 figures. In manufactured jute, high prices appear to have restricted to some extent the foreign demand for gunny bags, but none the less this great industry has beaten all records by exporting goods to the value of £28,000,000 during the nine months April to December 1918. Record quantities of tea were exported in 1917-18 though at a somewhat less remunerative price than in the previous two years. The current year promises to be equally prosperous for the tea industry. Coffee planters have been less fortunate during the war, but should be able to look forward to the future without apprehension. Valuable new markets have been exploited and the English market has now been re-opened to Indian coffee. Exports of rubber have grown steadily during the war, though prices ruled low during the current year. The price of raw cotton reached unprecedented heights early in the current year and there was consequently a striking fall in our shipments both of the raw material and of cotton yarn. Another consequence was that the rates for country cloth became so exorbitant as to cause much hardship and discontent. With better news from the theatres of war, the holding up of stocks for still higher prices came to an end, and the whole position became easier; but there are again signs of an upward tendency. In cotton piece-goods from Indian mills, the export naturally diminished, with the high prices ruling in the local markets; but it is noteworthy that, in the first nine months of this year, a decline of 14 per cent. in the volume of export has been concomitant with a rise of 36 per cent. in its value. The net result of this brief review is to show the enormous strength that India has acquired as a producer, under peaceful conditions, of the chief necessities of life.

8. *Restrictions on trade.*—With the cessation of hostilities, it has already become possible to withdraw many of the restrictions on trade which have been inevitable during the war. No one is more anxious than the Government of India to complete this process of liberation, and a word may now be said as to how far it has been possible to go in this direction and what is the position of Government with respect to the restrictions that still remain. Interference during the war with the normal course of trade has, as a rule, been undertaken in pursuance of one of three aims :— to satisfy India's own needs; to satisfy the needs of Great Britain and the Allies; and to hamper the enemy. Restrictions of the third class remain in full force. They consist in a complete prohibition of trade with enemy countries and a very strict control of trade with neutral countries adjacent thereto. These restrictions apply to other countries equally with India and their relaxation depends entirely on the decisions of the Peace Conference. Of the second class of restrictions, namely, those designed to assist the Allied cause, some are of necessity still in force. Until the food situation has become normal in the Allied countries and until their depleted industries have been rehabilitated, it is only just that they should have some form of preference in the supply of certain raw products and other necessities of national existence. The scheme for the control of tea which gave to the producer a guaranteed market at a fair price for a large percentage of his output has been maintained in the interest of the consumer hitherto, but will shortly be terminated. Control is still being maintained over mica which is an essential to Allied industry, and a system of licensing is being retained for certain other products for which a survey of the Allied demand is not yet complete. On the other hand, the restrictions on the export of jute manufactures,

saltpetre, tanning materials and petrol have been removed. The control of raw and tanned hides has been very greatly relaxed subject to certain safeguards in the interest of the future of the trade. The tanning of skins is no longer prohibited and restrictions on the transport of skins by rail have been withdrawn and export has been reopened. Shellac exporters have been relieved of their obligation to give preferential supplies to the Ministry of Munitions and free export of oilseeds, vegetable oils and manganese is now permitted. The prohibition on the import of motor cars has been raised. The Ministry of Shipping has already, subject to certain safeguards, terminated the Liner Requisition scheme and freights have been reduced to a fraction of their recent rates.

9. In the case of interference with trade undertaken in India's own interest, much has also been done. Restrictions on the transport of wool by rail and coastwise by sea, which were imposed in order to ensure adequate supplies of wool for the manufacture of Army blankets, have been removed, and numerous textile and other industrial undertakings brought under control for the production of war supplies have been freed from that control. The difficulty of obtaining supplies of manufactured articles from the United Kingdom has during the war forced many of the British Colonies in the East to look to India for the replenishment of their stocks. India herself has had great difficulty in obtaining supplies and it was eventually found necessary to establish a system of priority for demands of this nature on India similar to that instituted in the United Kingdom, and to couple with it a comprehensive set of restrictions on the exports from India of manufactured articles. With the termination of the Home priority scheme and the re-opening of exports in the United Kingdom, the necessity for these restrictions has largely ceased. The Indian priority system has therefore been abandoned as regards both demands from India on the United Kingdom and demands on India from the Colonies, and the great majority of manufactured articles have been expunged from our export prohibition list. Similarly in the case of drugs, for which the war produced a universally enhanced demand, the prohibition on export has only been maintained in the case of a very limited number, such as quinine, which are of vital importance to the health of the country. The failure of the 1918 monsoon has necessitated certain further restrictions on the movement of foodstuffs. The machinery for the control of rice originally set up in the interest of the Allies is now being applied to the relief of distress in India and to the distribution of supplies so far as possible to countries with Indian population. It has also been found necessary to prohibit the export of certain other cereals which formerly were unrestricted.

10. I may refer to one other respect in which it has not been found possible to remove the interference with the normal course of trade which Government has been obliged to effect. As this Council is aware, Government took powers during the last session to provide for the manufacture of standard cloth. Soon after this legislation was passed, the piece-goods market slumped and for some time the Act was not applied. Now, however, it has been found necessary to commence the manufacture and distribution of standard cloth in the interests of the poorest classes and I am sure that, if he were here, Sir George Barnes would like me to take this opportunity of acknowledging the willingness of the local industry to co-operate in the working of the scheme.

11. *War Effort.*—The beginning of the year witnessed the great German offensive in the West,—an offensive which had been foreseen by the Allies and to meet which every possible preparation had been made. The initial successes of the enemy were, however, great, and the situation became so critical that the Prime Minister called on India to rally again to the assistance of the Empire. How successful that effort has been is well known to this Council. His Excellency the Viceroy summoned a Conference at Delhi towards the end of April, and as a result of the resolutions passed thereat the Government of India offered to raise and train an additional 500,000 men in the twelve months commencing from the 1st June. This offer was accepted and recruitment proceeded apace. The raising of a large additional body of Indian troops involved heavy expenditure in many directions. Temporary accommodation had to be hastily provided; the recruiting and training staff had to be largely increased; the men had to be clothed, fed, armed and equipped; large bodies of men had to be moved by rail; more officers had to be entertained; and instructional classes of various kinds had to be hastily organised. I will not weary this Council with detailed

figures, but will merely mention that the immediate result of this great expansion of our military activity led to an increase in our recoverable war expenditure from a scale of £60 millions in 1917-18 to an estimated expenditure of £70½ millions in 1918-19. This latter figure would have been far higher, had it not been for the decision by this Council last September to relieve His Majesty's Government of the charges of 200,000 additional troops with effect from 1st April 1918, and a further 100,000 troops from 1st April 1919. Fortunately, with the collapse of our principal enemies in October and November last, the necessity for continuing recruitment on this scale ceased. Nevertheless, the offer made by India of further assistance to His Majesty's Government has resulted in an addition of £12·7 millions to our military expenditure during the current financial year, and there will be further large sums due to His Majesty's Government next year, after which the Government of India will only be responsible for meeting certain non-effective charges as they accrue.

12. The raising of recruits was in some ways the simplest part of the task which India set before herself. Thanks to the loyalty and martial spirit of the peoples of India and to the magnificent efforts of the Provincial recruiting boards, men, both combatant and non-combatant, were obtained in large and increasing numbers. To stimulate recruitment, it was decided to offer still better terms to the Indian Army, which had already received a material concession in the grant of free rations to all ranks from the 1st January 1917. Consequently a gratuity was granted to each man on completing the recruit's course, and in addition, to every Indian officer and soldier, a war bonus payable every six months until the declaration of peace, or until general demobilization is declared. It was, however, the provision of the necessary munitions of war which presented the most urgent and difficult problem. To meet this, the activities of the Indian Munitions Board, which had been started early in 1917-18, were expanded in every direction. Additional staff was engaged ; the Army Clothing Factories were expanded ; the output of the Ordnance Factories was increased ; and closer control was exercised over the stocks of imported articles still available in India. After three and a half years of war, India had been almost drained of such stocks, and it was essential to conserve for military purposes the little that was left. This, however, proved quite insufficient in most cases to meet our needs, and it became necessary to stimulate the local manufacture of many articles for which India had hitherto relied upon importation from abroad. A Controller of Contracts was appointed to supervise the purchase of all foodstuffs and various other articles for the use of troops. This measure led to considerable economies, as did also the assumption of control over a number of mills which were employed solely on producing flour and atta for the Army. In order to increase the world's food supply, and in particular to reduce the enormous demands made by Mesopotamia on India for feeding the troops in that country, a large and costly scheme of agricultural development was adopted in Mesopotamia. This, too, had to be financed by recoverable advances from India, and seed grains and most of the agricultural produce had to be furnished by this country. To meet the ever-increasing strain on our Railway system due to the larger movement of troops, passenger traffic had to be curtailed. Large quantities of locomotive and rolling stocks were sent from India to Mesopotamia and the whole output of rails from Tatas' works was utilized to meet overseas requirements, though the condition of our own lines was such that rails were urgently needed to replace those which were worn out. These we had to forgo. Simultaneously India had to be prepared to meet the contingency of a strategical situation arising which would enable the Powers in the West to threaten our Northern Frontier. This new danger entailed special measures to increase the mobility and radius of action of the troops which guard our country, and thus added to our already heavy financial burden.

B.—Currency and Exchange.

13. The foregoing narrative gives a necessarily brief account of some of the main currents in the difficult sea through which the bark of State finance has had to ride in the current year. It will have been seen that the year was one of great activity in the production of materials of war, of much inevitable dislocation in external trade, of high prices enhanced by speculation on the chance of protracted hostilities, of much internal prosperity for certain classes of the community, and of considerable hardship for others. Wealth was pouring into India in payment for

its products and its services; but the varying fortunes of the war and the incessant rumours which preyed upon the fears of the people stimulated the immemorial practice of hoarding. Half way through the year came the dramatic approach of unexpected peace. Speculation collapsed, and new alarms replaced the old. Labour trouble developed. Simultaneously there came scarcity, grievous epidemic, and much loss of agricultural efficiency and purchasing power. Still the energy of our manufactories continued, and labour which had been devoted to the prosecution of the war was diverted into the work of demobilisation. Running through all this complication was the priority that had to be given to the needs of the British and Allied Governments and the consequent interference with the ordinary channels and methods of trade. It was the whole of this kaleidoscopic movement which was reflected in the difficulties of our currency and exchange.

14. These difficulties were fully described by Sir William Meyer a year ago, and I need not attempt to do more than bring his narrative up to date. Put briefly the problem with which he had to contend has two aspects. First, funds had to be provided on an unprecedented scale for war work in India and in countries where Indian troops were fighting. A large share of this outlay was on account of the British Government, who gave India a corresponding credit in London. To convert this credit into remittances was the difficulty; gold was unobtainable, and silver was exceedingly scarce. Thus the repayments of our war advances continued to bank up in London, and were of little help in meeting our expenditure here. Currency had to be created; and currency could take only three forms, notes, rupees or gold. To issue notes freely without a strong metallic backing was obviously unsound. To coin and issue our relatively small stock of gold would have been wasteful to a degree; the premium upon the metal would have driven, and did in fact drive, any coined gold out of circulation immediately; it was an emergency ration rather than a currency medium. We had no alternative but to provide silver rupees in immense quantity; and this was the second aspect of the problem. The silver produce of the world had become the subject of fierce competition among many nations; the price was rising in a manner which threatened the stability of our exchange; and the actual amount which could be procured in the open market was wholly inadequate to the demands upon us.

15. *Silver crisis in 1918.*—To appreciate the gravity of our silver position, it is necessary to go back to the beginning of 1918. The absorption of rupees at that period was monotonously high, rising to over 1½ crores in each of the first three weeks of January. At the end of February the rupee balances had fallen to 12½ crores, a point which in previous years would have been regarded, in the absence of large supplies of silver available for further coinage, as marking a position of grave danger. March saw no improvement, and on the closing day of the financial year the silver balances had been brought to under 10½ crores. It was clear that a serious crisis was impending and to many who followed the figures of April and saw an absorption of 4½ crores in the first fortnight of that month, catastrophe must have seemed imminent. Our thin line of rupees had been precariously supplemented by an issue of sovereigns in parts of India where gold is freely taken in payment for the crops; but the benefit of this expedient was transient and its continuance unjustifiable. In April the position at Bombay was most critical. Rupees were pouring out to finance the cotton crop at fanciful prices. Bad news from France brought a run upon our currency offices by timid holders of our notes. Our visible reserve of silver had dwindled to insignificance, and for several days the maintenance of specie payments hung in the balance. The Mints however responded nobly to the strain, the Controller of Currency scraped together every rupee that could be spared from other parts of India, and the run upon us abated. Similar difficulty had however arisen in Madras and a minor crisis a little later at Lahore made things no easier. Every ounce of silver that could be laid hands upon was poured into the Mints; the Mints worked night and day; and yet by the end of April our rupees had diminished to 7¼ crores and by the end of the first week in June to little more than 4 crores. It seemed incredible that business could have been carried on so far below the minimum of safety; and to those of us who were watching the position in England it appeared a certainty that our paper currency would have to be declared inconvertible. Skill and audacity however prevailed and from that time onwards, with the help which had now begun to arrive from America, the situation improved.

16. The possibility of such a crisis as I have been describing had not been overlooked by those who were responsible for the solvency of India. Their thoughts had naturally turned to America, the great storehouse of silver. The Mexican mines had been working far below their full capacity, owing mainly to political disturbances. In the United States production had been hampered by labour difficulties and the high prices of machinery and chemicals ; but their Government was still buying and seemed most likely to be able to help us. In February 1918 therefore an appeal was addressed to them by Lord Reading, who represented the serious set-back which the war efforts of India would receive if we were unable to continue rupee payments. The Government of the United States were wholly sympathetic, and almost immediately arranged to sell us 6 million ounces. When the crisis became still more acute in April, they offered us another two million ounces. At this end, special measures were taken to accelerate the transit of the silver thus obtained. For example, with the co-operation of the Naval authorities, the Royal Indian Marine vessel " Northbrook " was diverted to Hong Kong to bring to India a large cargo of silver which was awaiting transhipment there from San Francisco. This consignment reached India on the 4th June, and marked the turn of the tide. By that time, more substantial relief was in prospect. Ever since the middle of 1917, the United States authorities had been anxious about the payment in silver for their heavy purchases in the East, particularly their orders for jute and gunnies. For this purpose they ultimately turned to the vast inert reserve of dollars which their Treasury held as security for their Silver Certificates. In April there was introduced in Congress a Bill, subsequently known as the Pittman Act, enabling the United States Government to withdraw Silver Certificates and to borrow from the Treasury the greater part of its dollar reserve of 375 million ounces of fine silver. This measure was commended to the Legislature by a personal message from the President as a war measure of national importance, and it became law at record speed. Early in June, an agreement was arrived at between Lord Reading and the United States Government, by which the latter consented to let India have 200 million ounces of the silver thus released, on terms which no one would hesitate to describe as generous to India. I need not go into details here; I will only ask the Council to recognise the skill and patience with which these lengthy and delicate negotiations were conducted on our behalf by Lord Reading and by Sir James Brunyate, who was at his right hand throughout as technical adviser and advocate of India's needs.

17. The announcement about the middle of April that the United States were arranging to help us had a marked effect in relieving anxiety in this country. It is certain that in the critical weeks of May and June we could not possibly have carried on with the low balances at our command, had we not been able to reassure the public as to the adequacy of our future silver supplies. By the beginning of July shipments of silver under the Pittman Act began to arrive in large quantities, and during the succeeding months a position of relative safety was gradually reached. This would have been attained more rapidly but for the serious difficulties with which our mints had to contend owing to repeated attacks of influenza and to the concurrent demand for small coinage. Although the return of rupees which can normally be expected in the slack season was absent, the rupee balance steadily improved throughout July, August and September, and by the end of September our stocks had risen to nearly 12½ crores. With October and the commencement of the busy season the absorption once more overtook the coinage, and by the end of November balances had fallen to 8½ crores; this rendered it necessary for the mints, which had been endeavouring to cope with an intense demand for small coinage, to concentrate once more on the coinage of whole rupees. Special measures were taken to improve the mints' output, and a system of double shifts was instituted. I should like here to pay a tribute to the staff of both the mints for the loyal way in which they have responded to the further call made upon them, in spite of the continuous strain under which they had worked throughout the year. As the result of these measures, combined with the gradual passing away of the sequelæ of influenza, the output of the mints during December attained the enormous figure of Rs. 834 lakhs of rupees, which is a world's record, apart from a concurrent outturn of small coinage,—in all, over a hundred million pieces—and by the 22nd February our rupee balance stood at 13 crores.

18. *Expansion of the Paper Currency.*—At this point we may now leave the silver difficulty, though there is still much to be said upon it as regards the future; and

turn to the other form of currency, paper to wit, which had to be created to meet the emergencies of the year. The expansion of our paper currency, in spite of the distrust with which the rumours of war had burdened it, has been striking. On the 31st of March 1915 the net circulation, excluding notes held in the reserve treasuries, was 55½ crores; on the same date in 1917 it had risen to 82 crores, and in 1918 to 98 crores. At the present time it is about 150 crores. This inflation, in many ways unwelcome, has not been allowed to go beyond the sheer necessities of the time. High prices and the disappearance of rupees from circulation rendered the use of notes imperative, particularly for the finance of our great staple crops. In Bengal, where silver rupees had previously been almost exclusively employed for the finance of jute, the bulk of the crop has been financed in the current year by notes; paper has also been used almost wholly for the finance of the cotton crop. It cannot be pretended that this has been entirely a voluntary process. With our silver stocks at the low level to which they fell last year, it was essential to concentrate them in the head currency offices, as it would have been otherwise impossible to meet our legal liability for the encashment of notes there. Free encashment at our district treasuries was therefore no longer feasible, and we had reluctantly to withdraw that facility in a very large degree. Similarly, in order to safeguard our position at the currency offices, we were obliged, during the course of the crisis, to prohibit booking of specie by rail and steamer, and also to place an embargo on its transmission by post. However undesirable these measures may be in themselves, we can only appeal to the emergencies of the year and to the supreme importance of carrying the country through the war, and maintaining its usefulness, without a breakdown in the machinery of its financial business. Our position was intrinsically sound, and it would have been unpardonable to allow our work as producers and manufacturers of war material to be paralysed by technical currency difficulties.

19. The rapid expansion of our paper currency had certain unavoidable consequences. A minor sequel was the increased demand for subsidiary coinage. In coping with this, the Mints have been hampered by the incessant demand for rupees, as well as the difficulty at one time of obtaining nickel in sufficient quantities. The latter defect should before long be remedied; but the provision of small change is at present admittedly inadequate. A graver consequence of our large note issues—and one to which several questions have recently been directed in this Council—is the discount at which our notes have been changing hands in many places. The matter is one of great concern to Government; it has given opportunities for profiteering to unscrupulous people, trading on the ignorance and gullibility of the poorer classes, with the result that hardship has unquestionably been caused to many. It is not easy to see, things being as they are, how this particular defect could be removed unless we were in a position to renew the encashment of our currency notes at every treasury in India,—a consummation devoutly to be wished for, but at present somewhat distant. Happily however signs are not wanting that the people, as personal experience tells them that notes are accepted by Government at their face value, are acquiring greater confidence in resisting improper attempts to exact commission. It would be idle to pretend that paper can ever be viewed by the ordinary villager with the same assurance as metallic currency; the whole conditions of his life make that impossible; but it is legitimate to hope that, for the daily transactions of the market, our paper currency will steadily grow in popularity. Gratifying confirmation of this hope is found in the unexpected readiness with which our new low value notes have been accepted by the public. As the Council is aware, one rupee and two and a half rupee notes were put into circulation in December 1917 and January 1918 respectively. At the close of December 1918 the value of one rupee notes in circulation amounted to 9 crores and of two and a half rupee notes to over 2 crores. The latter note has not achieved the same popularity as the one rupee pieces, possibly owing to the risk of confusion with them. The whole question of designing new and at the same time more attractive forms for our currency notes is now under examination.

20. *Control of export finance.*—In his last Financial Statement Sir William Meyer referred at some length to the effect upon exchange of the huge balance of trade in India's favour and the great difficulties which had had to be surmounted in order to ensure that exports from India, of urgent importance for the war, should not be handicapped by the inability of the Exchange Banks to provide the necessary finance. The

necessity of safeguarding such exports obliged the Secretary of State and ourselves, not only to adopt certain measures of control, but also to make a widespread appeal for the co-operation of merchants and others, with the object of securing that the financing of these war exports should have the first call upon the funds set free by homeward remittances. I should like here to pay a tribute to the response which our appeal met with. Everyone who is conversant with practical exchange matters knows that the control instituted over the operations of the Exchange Banks could without much difficulty have been evaded by the trading public, if motives of patriotism had not constrained them to fall in with the measures which Government had initiated. Isolated instances of evasion were, indeed, reported to us from time to time, but I am happy to say that the great bulk of merchants having foreign business most loyally co-operated, with the result that the financing of the export of wheat and foodstuffs, sandbags, and other articles which were urgently needed in Europe, was carried through successfully, and Government's grateful thanks are due to all those who, by resisting the temptation to profiteer in exchange, rendered this result possible. During the current year the former difficulties in the way of arranging for the finance of exports of urgent national importance have been practically absent, owing to the very different situation which exchange has reached as compared with what we had got accustomed to in the last two years.

21. *Movements of Exchange.*—From the beginning of 1916 silver began to break away from its old pre-war level of about 26*d.* per ounce; and as it rose, exchange left the 1*s.* 4*d.* rate and painfully climbed after it. This time last year the rupee was quoted at 1*s.* 5*d.* and silver at about 42*d.* per ounce. In April 1918 however the position was stabilised by our purchase of American silver. The reserve from which we were subsequently to draw had been held at the rate of 1 dollar per ounce, and that rate determined the price at which silver was sold to us, while our agreement with the United States Government bound us not to buy any silver at a higher price while the Pittman Act remained in force. As Sir William Meyer pointed out last year, it would be impossible for us to face a position in which we should be turning out rupees at a loss and placing a permanent premium on the export of our silver currency. It thus became necessary to fix a sterling exchange value for the rupee which would ensure that our coinage would not be liable to be smuggled out of India in indefinite quantities. Accordingly, with effect from the 12th April, the rate for Council drafts was fixed on a basis of 1*s.* 6*d.* per rupee for immediate telegraphic transfers and this rate still remains. Early in July however the weakness of the monsoon and a falling off in the normal supply of export bills seemed to threaten a fall in exchange. Business men with funds in India which sooner or later would have to be remitted to England began to consider the desirability of settling their exchange against a possible drop. There is evidence of a considerable accumulation of such funds, seeking temporary investment in India in preference to remittance to England. The reasons were various: taxation was heavier in England than here: hopes had been entertained of a further rise in exchange; money was being kept handy for *post-bellum* developments: and there was always the uncertainty about being able to recall spare money from England with the same promptitude as in former years. There was thus a large amount of floating capital which any threat of a fall in exchange would bring out for remittance purposes. For some time, although weakness continued, there was no real apprehension, as a similar position had arisen in September and October 1917 and had rapidly passed away. By October, however, the wheat exports had closed down, the demand for remittance quickened and considerably exceeded the supply of bills, and a new problem was definitely established. The first step to meet the situation was naturally the cessation of the sale of Councils, but this could only be regarded as preliminary to further action. In pre-war times, when no one dreamt of the intrinsic value of the rupee soaring above 1*s.* 4*d.*, the problem would have been a simple one, as it would only have been necessary to sell reverse councils at or about the ordinary gold point. In the conditions set up by the war the problem was not quite so easy. We decided, however, that, without prejudice to our future exchange policy, it was essential to maintain the stability of exchange at or about the existing rate, until such time at it would be possible to estimate more clearly the new conditions of the financial world and their re-actions upon our permanent exchange policy. Accordingly, early in November we offered to sell telegraphic transfers on London at the rate of 1*s.* $5\frac{31}{32}$*d.* for

immediates and 1*s.* $6\frac{1}{32}$*d.* for deferreds. This announcement was, I believe, generally welcome, and it certainly had a steadying effect on the markets. A total of £3,560,000 was sold up to the beginning of December. This satisfied the immediate demand for remittance, and seemed to restore confidence. For some time subsequently the balance of exchange remained fairly even, there being quite enough demand for sterling to cover the few bills offering. More recently, the demand for remittance has again somewhat exceeded the supply of bills, and during February we sold a further small amount of sterling.

C.—Revised Estimates of Revenue and Expenditure.

22. The peculiar features of the year find their next reflection in the extent to which our current revenue and expenditure have departed from the estimates presented to this Council a year ago. In discussing these figures reference, except where otherwise mentioned, will be exclusively to the Government of India's own receipts and charges. The provincial transactions, save in so far as they affect our ways and means position, are more properly the subjects of scrutiny and debate in the provincial Legislative Councils, and in the case of the provinces I shall therefore merely give a brief resumé of their collective transactions. On the Imperial side, it will be remembered that Sir William Meyer budgeted for a total revenue of about £$74\frac{1}{4}$ millions and expenditure of about £$71\frac{3}{4}$ millions, giving an Imperial surplus of rather over £$2\frac{1}{2}$ millions. Our latest figures suggest that the revenue will be better by £11 millions, but the expenditure heavier by £18 millions. The position is thus worse than our estimate by £7 millions, and we shall close the year with a deficit of £$4\frac{1}{2}$ millions. For this transformation the chief cause may be taken as being the liability accepted last September for the cost of the additional Indian troops. Our instalment of that liability for the current year, including the extra pension charges incurred up to date, amounts to about £$12\frac{3}{4}$ millions ; and if we had not undertaken this contribution to war expenses, our transactions for the year would have ended, it may be assumed, in a revenue surplus of £$8\frac{1}{4}$ millions, or an improvement of £$5\frac{3}{4}$ millions on the Budget. To this result the chief contributors would have been exchange, railways, customs and the mints ; with a substantial set-off from losses of land revenue, higher military outlay, and a general rise in the expenses of our civil departments due, in some cases, to increased allowances for the higher cost of living. The more important variations are briefly discussed below.

23. *Exchange.*—As the Council is aware, our accounts are prepared on the basis of 1*s.* 4*d.* to the rupee, and my predecessor did not feel himself justified in taking credit for what we should gain by a higher rate. The position at the time was unstable, and he prudently refused to gamble on a continuance of the rate which was then in force—approximately 1*s.* 5*d.* In April however the arrangement with the United States Government, to which allusion has been made above, made it necessary to fix the sterling exchange value of the rupee arbitrarily at 1*s.* 6*d.* We have thus been able to meet our sterling obligations at a great saving in rupees as compared with the Budget provision on the basis of 1*s.* 4*d.* *Per contra,* we deduct from this gain our loss on the coinage of rupees which are intrinsically worth more than their legal issue price of 1*s.* 4*d.* The net profit for the year is expected to be £4·3 millions. At one time it looked as if the figure was going to be much higher. Indeed the Council will recollect that in September last Sir William Meyer hoped that the first instalment of our new war liability might be met in full out of a surplus accruing largely from this windfall. That his hope was not realised is due to the change which came over the situation at a later stage. The stopping of the sale of Council Bills in October meant that no further gain from exchange has accrued on these transactions, while the sale of "reverse Councils" has made a hole in the gain already to our credit. Furthermore, our receipts of silver will be greatly in excess of the September estimate, and the loss on coinage will be correspondingly enhanced. Had war continued, it is quite probable that our first part of the contribution would have been liquidated in the manner which Sir William Meyer hoped for; but on the other hand subsequent payments on the same account would of course have been larger.

24. *Railways.*—These have again been a great stand-by. Though we were informed a year ago that the limit of the carrying capacities of the lines had been

practically reached, and that a further advance in receipts would be handicapped by the difficulties in war conditions of effecting repairs and renewals, the earnings have continued to grow, and are now expected to reach over 76½ crores against 70½ crores taken in the Budget. After allowing for some increase in the working expenses the net improvement amounts to nearly £2⅓ millions.

Customs.—Our revenue for the current year was estimated at 16¼ crores. As a result partly of continued high prices it will probably rise to 19 crores, in spite of the heavy handicap of the freight position, among the more important tariff heads contributing to the improvement being sugar, tobacco, manufactured articles and the excise duty on cotton goods.

Mint.—An improvement of £1·3 million is expected. Over one-half of this represents the profits on the subsidiary nickel and bronze coinage for which there has been an extraordinary demand throughout the year. The balance is seigniorage on rupee coinage, the volume of which has been greatly in excess of figures which could safely be taken into account a year ago.

Army.—The increased outlay on the Army in India, about £2·2 millions exclusive of the special war contribution, will be explained in detail in a later section. Briefly it has been due in the main to the unforeseen and unbudgeted operations against the Marri tribe, and to the necessity for a large mobilization on the North-West Frontier as part of the general Imperial strategy against the far-flung German menace. Contributory items to the excess have been the higher railway charges and the increased cost of food.

Scarcity.—The direct effects of scarcity are seen in the remissions and suspensions of land revenue. The drop in land revenue receipts will be most marked in Bombay (64 lakhs), the United Provinces (53 lakhs), Madras (14 lakhs) and the Central Provinces (12 lakhs). The total Imperial share of the loss of land revenue is just over £1 million, to which must be added, although they appear under the Transfer head, payments which had to be made to Bombay and the United Provinces in order to prevent their land revenue receipts from falling below a guaranteed minimum; those payments aggregate about 43 lakhs. It is not expected that there will be any excess over the normal grant for Famine Relief and Insurance. The Imperial share of actual relief measures will cost about £400,000, and the portion of the grant available for avoidance or reduction of debt will now amount to £130,000 only.

25. *Provincial Estimates.*—Under this head all that need be said is that Sir William Meyer budgeted for a small surplus of £130,000 for the provinces collectively. The gross provincial expenditure will be slightly exceeded; and there ought to be a more than corresponding increase in provincial revenues in spite of a somewhat heavy loss (£800,000) of land revenue, with the result that these are now expected to show a surplus of over £1 million. Our obligations are due to the provinces for the loyal help that they have given in a very difficult year by keeping down their expenditure, and for the many devices by which they have pursued economy.

D.—Ways and Means.

26. The ways and means problem in India is always a double one. We have not only to consider whether our total resources, in London and India combined, are sufficient to meet the probable calls on them; we have also to see that the money is where it is wanted; in other words, we have to consider the distribution of those resources between London and this country. It frequently happens that one of these two aspects of the problem is much more important than the other. Thus, before the war, the difficulty was usually to provide for sufficient total resources to meet capital expenditure on our productive works; there was rarely any difficulty as regards their distribution, for in most years we could always rely on trade demands being more than large enough to absorb the Council drawings by which our funds were remitted home to pay for our railway and public works material. Within the last few years, however, as Sir William Meyer has brought out prominently in connection with his last two budgets, the main difficulty with which we have had to deal has been distribution. This difficulty arises from the fact that we have had to meet, apart entirely from the expenditure finally debited to Indian revenues, cash outgoings in

India on an enormous scale exceeding our own expenditure. These very heavy disbursements, on behalf of the Imperial and other Governments, have been repaid to us in London; and there we have recently had such ample funds that the Secretary of State was able to set aside, apart from his ordinary cash balance, a special reserve of £20 millions in order to meet liabilities likely to come upon us in future. The trouble has been that, except in so far as the Secretary of State could purchase and remit silver to us, there has been no method by which we could bring to India the large resources which we possessed in London, and in consequence we have been obliged to incur a large amount of floating debt in this country, and to borrow large sums from our Currency Reserve, measures regarding which I shall have more to say later on.

27. As was anticipated, these difficulties continued in an acute form during a considerable portion of the current year. Sir William Meyer estimated that, without including any provision for Council drawings by the Secretary of State, our cash outgoings in India, apart from those debited to our own Indian revenues, would amount to about £78 million. This represented mainly war expenditure on behalf of His Majesty's Government, for which we are repaid in London, and included other remittance transactions somewhat similar in character and also certain other non-revenue transactions. In the event, the funds which we have to find are expected to amount to no less than £141 million made up roughly as follows :—

	£ million.
War outlay on behalf of His Majesty's Government recoverable in London	72·7
Funds supplied for East Africa	3·3
Postal and money order transactions	4·2
Excess of Treasury Bill payments over receipts—*vide* paragraph 36 below	10·7
Repayment of temporary loan taken from Bank of Bombay in 1917-18	2·7
Council Bills	20·6
Cost of military stores and equipment purchased in advance of allocation to definite objects	12·7
Rupee credits for Federal Reserve Board in part payment for American silver	11·0
Remittance of gold in part payment of same	2·0
Additional *takavi* loans	1·4
Total	141·3

These transactions have been financed in the following manner :—

	£ million.
Receipts from Indian War Loan (inclusive of cash certificates)	37·1
Receipt of purchased silver	56·3
Surplus of revenue over expenditure in India and miscellaneous transactions	13·0
Issue of currency notes against additional investments	24·7
Receipts in India from sales of reverse Councils (£5·4 million *less* loss on exchange)	4·8
Reduction of balance	5·4
Total	141·3

28. Of the disbursements which we have had to meet, no remarks are required upon our war outlay on behalf of His Majesty's Government or the remittance to East Africa, as the nature of these has already been explained in previous Financial Statements. The amount of our money locked up in advance purchases of military stores and equipment has considerably increased during the current year. Pending their allocation to specific requirements the cost has been charged to a suspense head. As they are so allocated, the cost will be treated as expenditure debitable to Indian revenues or recoverable from the Home Government, and, since the accumulation of stocks took place with reference to war conditions, we expect that in the coming year the lock up of funds will be very substantially reduced in this way. Apart from this, we expect even during the current year on the other side of the account to obtain an advance of £5·9 millions from the War Office against purchases

so far made. The large payments on account of postal money orders are due to the continuing demand for remittance to India in this form in the earlier portion of the year. The Treasury Bill transactions will be separately discussed; in brief we anticipate that, as against ₹43½ crores outstanding at the commencement of the year, our liability in respect of Bills issued to the public will have been reduced to ₹27½ crores at its close. The only other important item on the outlay side consists of the rupee credits granted to the Federal Reserve Board in connection with the agreement under which we have purchased silver from the United States Government. Briefly, the position is that one of the methods by which we are making payment for the silver delivered to us by the United States in the current year is by granting rupee credits to the Federal Reserve Board at a rate representing approximately the cost of laying the rupees down in India—1*s.* 6*d.* to the rupee—for the purposes and to the extent required by them for financing exports from India for work of urgent national importance in America. For the rest, we are making over to the United States Government the equivalent of £2 millions in gold, and the balance which is not covered by these and the rupee credits granted to the Federal Reserve Board will be settled with the United States Government by His Majesty's Treasury, to whom the Secretary of State will make the necessary payment in London.

29. On the receipt side, I shall touch later upon the results of the war loan. Though the proceeds of this are payable to His Majesty's Government, that payment is made in London, and meanwhile we have the use of the money received by us in India. We anticipate that we shall be placed in funds to the extent of no less than £56 million in the form of silver received either from the American Government or as a result of the Secretary of State's own purchases. This silver is, after receipt, placed in the Paper Currency Reserve and notes are issued against it to our treasuries to the extent of its anticipated rupee outturn, though a good deal of the silver will not actually be coined up until next year. Next come the funds we have obtained by issuing notes against an increase in the investment of the Paper Currency Reserve. £16 millions, or ₹24 crores, were invested in British Treasury Bills under the powers obtained in March last. The balance has been invested mainly in British Treasury Bills but partly also in Indian Treasury Bills under the powers taken by an Ordinance in December 1918 of which the Council will later be asked to continue the operation by legislation. It is desirable that I should say a few words here regarding the last mentioned transaction. Under the last Ordinance our total investment powers stand at 100 crores. Up to 80 crores of this can be invested only in British Treasury Bills; while 10 crores may be invested only in Government of India securities, and the remaining 10 crores in either British or Indian Government securities. Our actual investments in Indian and British securities other than Treasury Bills amount at present only to about 11 crores, and the rest of our investments are entirely in the form of Treasury Bills, of which about 9 crores may at our option be either British or Indian. It must be observed, however, that investment in British Treasury Bills does not increase the total funds at our disposal; the Secretary of State merely transfers the Bills from his own treasury to the currency reserve in London, while we release their value from our currency reserve in India. If however our Paper Currency Reserve here buys our own Treasury Bills, payment is made to our Treasury in notes, and our total resources are thereby temporarily increased. Of this more will be said later.

30. I now turn to the Secretary of State's position. He has to meet in the current year the following disbursements :—

	£ Million.
Ordinary home charges, including capital outlay	22·9
Payments for silver	44
Payment to the Treasury of the proceeds of the Second Indian War Loan	33·4
Investment in British Treasury Bills on behalf of the Paper Currency Reserve	20·7
Sterling transfers on London	5·4
Discharge of India Bonds and Railway debentures	1·8
Miscellaneous transactions	3·1
Total	131·3

Against this we estimate that his resources will be as follows :—

	£ million.
Receipts from Council Bills	20·9
Recoveries from His Majesty's Government for disbursements in India on their behalf at the rate of exchange of 1*s.* 5*d.* and 1*s.* 6*d.* per rupee inclusive of a recovery of £5·9 million in respect of stores charged to Suspense	86·3
Recovery from the East African Protectorate at the same rates of exchange	3·6
Withdrawals from special reserve	13·1
Postal and money order transactions	4·3
Reduction of cash balances	3·1
Total	131·3

We do not estimate that the Secretary of State will pay over to the Home Government during the current year the complete proceeds of our second War Loan, it having been found convenient to throw forward the payment of a portion to next year's budget. The net effect of these transactions will be to leave the Secretary of State with a closing balance of £7·5 million against an opening balance of £10·6 million.

31. *England and India combined.*—When we consider the combined India and England position, the matter is greatly simplified by the fact that the various transactions which represent cash outgoings in India and recoveries in London, and *vice versâ*, can be cancelled, and we have only to look at the net result of our non-revenue operations. This is shown briefly in the following statement :—

Outgoings.	£ million.	£ million.	*Receipts.*	£ million.
Discharge of treasury bills in excess of issues		10·7	Excess of proceeds of war loan over payments to His Majesty's Government	4·2
Cost of military stores and equipment purchased in advance of allocation to definite objects		12·7	Issue of Indian Treasury bills to the Paper Currency Reserve	4·0
Imperial deficit		4·3	Withdrawal from Special Reserve	13·1
Capital outlay on :—			Recovery from War Office in respect of stores charged to the Suspense head	5·9
Railways	4·4		Provincial surplus	1·1
Irrigation	0·3		Net deposits into Savings Banks and miscellaneous transactions	1·8
Delhi	0·3			
		5·0		
Discharge of debt (inclusive of railway debentures and temporary loan from Bank of Bombay)		4·6		
Net issues of Imperial and Provincial loans		1·3		
		38·6		30·1

The difference will be met by a reduction in our total cash balances from £25·9 millions at the commencement to £17·4 millions at the close of the year.

E.—Borrowing and the Money Market.

32. *The War Loan.*—It will have been seen from the figures just mentioned how greatly our position was helped by the success of the Second Indian War Loan. The receipts from the main section of the loan amounted to ₹51½ crores and those from the Post Office section to over ₹5½ crores, making a total of ₹57 crores, or £38 millions. Though we did not, as on the previous occasion, offer any conversion rights in respect of past loans, the terms of the 1918 loan were undoubtedly more attractive than those given in 1917 since, in addition to 3 and 5-year War Bonds, we also offered 7 and 10-year Bonds bearing the same rate of 5½ per cent. free of income

tax and repayable at the rate of ₹103 and 105 respectively. That the 10-year Bonds proved a great attraction to investors is clear from the fact that over 40 per cent. of the loan was taken in the form of these Bonds, which are already changing hands at ₹101 or thereabouts. While the attractiveness of the loan as an investment has no doubt had much to do with its success, nothing like the same amount would have been obtained but for the patriotic and most valuable assistance rendered by a host of willing co-operators throughout the country, from captains of industry like our honourable friend Mr. Ironside down to the humblest workers in the villages.

33. The success of the loan suggests certain natural reflections. Apart from the actual amount realized, the most encouraging feature of these operations has been the enormous increase in the number of people throughout the country who have become holders of Government securities. In the 1917 loan the number of investors, excluding purchasers of Cash Certificates, was 155,103; in the 1918 loan the subscribers number no less than 227,706. It is clearly of the highest importance that we should do all we can to retain, and if possible increase, our new *clientèle* and so foster the seed which we hope we have sown. In the first place, India, if she is to exploit to the full her vast natural resources, will require a large outlay of capital both by the Government and by private enterprise, and for this purpose a steady stream of investment within India is essential. Secondly, the gradual spread throughout the country of a habit of investment will help to divert to fruitful purposes India's sterile hoard of precious metals, to the mutual advantage of the individual and the State. Thirdly, the effect of the substitution of investment for hoarding will minimise India's demands for future additions to her metallic currency and thus help to solve one of the most pressing problems in front of us. Progress in this direction must, I need hardly say, go hand in hand with the very necessary development and extension of banking facilities.

34. I should like in connection with the loan to mention that the Government has been doing what it can to adapt the previous procedure for the issue of its loans to the circumstances of the small investor. Previous to the issue of the 1917 war loan, subscriptions to our annual loans were for the most part confined to a few Banks and financial houses, the loans being allotted on tender. The former procedure, involving as it did the submission of application forms and the issue of allotment letters and so forth, was found to be quite unsuited to a loan of the magnitude of that floated in 1917. There was accordingly devised, with the co-operation of the Presidency Banks, a new and greatly simplified procedure whereby at most important centres scrip could be issued over the counter, and at other places after a very short delay by the Accountant General, instead of its issue being concentrated at the Public Debt Office in Calcutta. I need not go into any great detail with regard to these arrangements, as they are fully described in a very interesting report on the 1918 loan by our Controller of Currency. I may however add that we are also considering the possibility of further adapting the law and procedure relating to our securities, by the elimination of irksome formalities, so as to meet the new situation which has arisen from the enormous addition to the number of our creditors.

35. *Cash Certificates.*—The figures given above do not include Cash Certificates. The results of these may at first sight be regarded as disappointing. We had a net receipt in 1917-18 of about £6 millions. During the current year we expect that, as against fresh certificates issued to the value of £2·1 millions, those presented for payment will amount to £2·5 millions, or, in other words, that there will be a net payment of about £½ million. It would seem that in the operations of the first war loan the zeal of the canvassers occasionally outran their discretion, with the result that in some areas those who took up certificates presented them not long afterwards for encashment in considerable quantities. Apart, however, from this, it is not unnatural that in a year of scarcity some proportion of those having their funds invested in this way should have found it convenient to realize them. The present indications are that the weaker holders are in the process of being eliminated; while, therefore, we estimate that in the coming year the receipts and payments will balance each other, we can hope that gradually the merits of the Cash Certificate as a form of investment for the small man will be more and more generally appreciated.

36. *Treasury Bills and Bank advances.*—Another important item in our financial operations was the further issue of Indian Treasury Bills. At the commencement of the year the bills outstanding amounted to R43½ crores, against which we anticipate that the outstandings at the close of the year will be about R34 crores, inclusive of R6½ crores issued to our Paper Currency Reserve. When the year opened we were faced with heavy maturities in April amounting to R12¼ crores, three-fourths of which, however, were replaced by fresh sales during that month, while the remainder together with maturities of R8¾ crores in May were more than replaced by fresh sales before the 3rd of June. On this date the sale of treasury bills was shut down in view of the opening of the war loan campaign. While the war loan was in progress, R35 crores of treasury bills were discharged and R4 crores received under discount by way of subscription to the loan as the equivalent of a cash subscription. Our heavy military and other continuing disbursements in July and more particularly in August forced us not only to use up our war loan receipts as these came in, but also to look for some method of supplementing them. We were very reluctant to re-open treasury bills while war loan operations were in progress, and the extent to which Government disbursements were at that time returning to the Presidency Banks fortunately made it possible for them to assist us with ways and means advances to the extent of no less than R17 crores. These were for the most part liquidated in time for the Banks to make use of the money when the trade demand of the busy season began. When the main section of the loan closed, issues of the longer-dated treasury bills were re-commenced, the issue of three months' bills being added in November, and the rates subsequently raised in January. With the tightness of money during December and January, the receipts were small, but during the last few weeks, as the general money market has eased, funds have again flowed in more freely from this source, the position at the end of the year being that, excluding Treasury Bills issued to the Paper Currency Reserve, our outstandings under this head are estimated to stand at R16 crores less than at the commencement of the year.

37. *The Money Market and Presidency Banks.*—This brief account of our treasury bill operations leads naturally to a consideration of the general money market conditions during the year. At the commencement of the year the markets generally were inclined to be nervous, not merely on account of the military situation, but also particularly because of the approach of the April cotton settlement at Bombay, where the speculative transactions involved had been unusually large. Prices of cotton had risen; a squeeze for money was threatened in Bombay; and those heavy speculators whose anticipations had been falsified by events appealed to Government to intervene by fixing a maximum price to protect them from loss, declaring that unless this step was taken a general financial debacle was inevitable. Government decided that the circumstances did not justify their intervention, and in point of fact the settlement was attended by no serious crisis, and as usually happens in Bombay the period of tight money rapidly passed away. Incidentally as the result of the financial disturbance attaching to the April settlement, which recurs almost every year though not always in so aggravated a form, a more civilized system of monthly settlements has been evolved. These are understood to be working without friction and if, as may be hoped, they have come to stay, they promise to make the operations of local speculators less a matter of anxiety to the general commercial public.

38. The receipt of the war loan proceeds and the absence of any substantial trade demand caused the percentages of cash to liabilities in all three Presidency Banks to improve throughout July. Before the end of August, however, the Bank of Bengal began to feel the demand for the finance of jute. In the previous year, owing to the low price of the crop and the fact that the jute concerns were possessed of large resources of their own, the Bank of Bengal had been called upon to provide finance to a very much smaller extent than usual. In the current year, owing to higher prices and possibly also to the fact that many firms had invested heavily in the loan, the Bank's jute advances were fairly large and from the end of July their cash percentage steadily fell. The Bank of Bombay's cash continued to increase during August, but after that month the effect of the disbursements by Government of the large ways and means advances taken from the Bank made itself felt, and the cash dropped from R14 crores at the end of August to R9½ crores

at the end of October. Simultaneously the Bank of Bengal's cash had steadily decreased from R15 crores at the end of August to R9 crores by the first week in November, and both Banks accordingly then raised their rate from 5 per cent., at which it stood since May, to 6 per cent. The Bank of Madras, which had temporarily reduced its rate to 6 per cent. on the 6th August, followed suit by raising its rate to 7 per cent. on the 11th November.

The low level at which the cash of the Bank of Bengal and Bombay stood during last autumn as compared with 1917, and the growing tightness of money during the later months with its inevitable reaction on the ability of Government to finance themselves by temporary borrowing, have been the most noteworthy feature of the money market conditions during the year. These were in marked contrast to the conditions of the preceding year. In both years Government were making continuous heavy disbursements. At the time of issue of the 1917 War Loan there was some apprehension lest the money which Government were taking off the market should land the Banks and trade in serious difficulties. In point of fact, however, the reverse happened and perhaps for the first time in India there were clear and encouraging signs that a substantial portion of the money disbursed by Government was returning very rapidly to the Banks, from which it could again be caught up in the wheel of Government's borrowings. It is difficult to give any completely satisfactory explanation of the less favourable position in 1918. It was all the less to be expected, as *primâ facie* the natural result of the advent and attainment of victory would be to restore confidence and to make for greater easiness in money conditions. More recently there has been some relaxation in the earlier stringency, but it is as yet too soon to predict whether a continuance of this can be counted on for the rest of the busy season.

SECTION II.—THE YEAR 1919-1920.

F.—Budget Estimates of Revenue and Expenditure.

39. The task of forecasting our resources and requirements for next year is unusually perplexing. On the military side there is no experience to guide us in calculating the legacies of a great war. The pace and cost of demobilization, the future strength of the army and its reserves, the new equipment which the lessons of the war will force upon us—all these are uncertain. On the civil side our external trade is largely governed by shipping, which may or may not be available, and there is thus no estimating with any confidence for our customs revenue, our gains or loss by exchange, etc. Our internal trade will be affected by scarcity and may be seriously hit by a slump in prices: hence uncertainty about our railway earnings and other important heads of revenue. After the strain and artificial conditions of recent years it is not easy to speculate how far the rebound will go or what directions it will take, and the only thing that is certain is that we must incur a large expenditure to recover the ground which has been lost in a period of severe economy. There is, however, no cause to be pessimistic for 1919-20. A depression may come in time, but we need not anticipate that it will come so soon as next year, and there is much diffused prosperity in the country which even high prices and local scarcity cannot seriously impair. We have therefore felt justified on the revenue side in taking an optimistic view of our general prospects and we have allowed for a substantial improvement in receipts under the majority of the more important revenue heads. Before discussing these it will be convenient to examine first the needs of our spending departments and to arrive at the total revenue which will be necessary to provide for them.

40. *The Army.*—For next year we trust to do without the special war provision of £1·8 millions for expenditure on our own frontiers which appears in the current year's estimates; and there is a reduction of nearly £1 million in our expected outlay on Military Works, in view of the cessation of many of the special works, including accommodation, which were called for by our greatly expanded army. But these and other economies have been outpaced by the imperative demands of military efficiency in the light of the lessons taught by the war; and we have had to accept an extra charge of over £2 millions for the war bonus to British troops. Another heavy liability which we have to face is the clearing of the war stores suspense account, which

has been steadily growing up in the last few years. A large part of this will be taken off our hands by the War Office; but still a substantial quantity of the stores will have to be taken over by the military authorities in India as a nucleus for the mobilization stores which experience has shown to be absolutely necessary. As a beginning of this process we have decided to provide £1 million in next year's budget. For all the many unforeseen contingencies of a year of reconstruction, we have inserted a lump provision of only £871,000. No one can assert that this is extravagant in view of the large new up-to-date equipment which will be forced upon every modern army now-a-days,—its improved armament, its requirements of more rapid transport, and in particular its air fleet. With the most cordial and helpful co-operation of His Excellency the Commander-in-Chief, however, we have decided to fix the net figure in the Budget for our ordinary charges at £32½ millions as against £31¼ millions in the current year. To both of those figures have to be added the instalments of the war contribution which we offered last September. These amount to £12·7 millions in the current year and £8·7 millions in the coming year; further details being given subsequently in paragraph 52. The upshot is that for next year we have had to put our military estimates at £41·2 millions net. Although this is £2¾ millions less than in the current year, it represents of course a figure considerably in excess of what we hope will be our normal military requirements in future.

41. Without entering into wearisome details, I may mention a few of the heads under which substantial savings are expected next year. The first of these is *Political*, where we estimate for a reduction of £2 millions as compared with the current year. This is due mainly to the curtailment of our expenditure in South Persia and to the omission of special political expenditure which the cessation of hostilities has happily brought to an end. Another head is *Refunds*, where we are budgeting for over £½ million less than in 1918-19. The bulk of this is due to the omission of a large provision made this year for the refund of advances which salt traders in northern India had paid in during the period of high speculation in that commodity. We have also been able to reduce our Customs drawbacks very materially. These were specially high in the current year, as owing to shipping difficulties large consignments intended for Mesopotamia have been sent in the first instance to India and reshipped to Mesopotamia, the customs duty upon them having had to be refunded on their re-export. Another head under which we expect a saving of £½ million is *Miscellaneous*; the reduction here is an echo of the war, being due to the absence of the provision which had to be made this year for losses of stores at sea on the voyage between England and India.

42. A few of the heads may now be mentioned under which we expect the chief increases of expenditure next year. Of these the most prominent is *Famine Relief*, where the Imperial share of our extra liability will be about £450,000. It is expected that the total requirements under this head will be nearly 90 lakhs in the United Provinces and 45 lakhs in Bombay, while Bihar and Orissa will require 16 lakhs and the Central Provinces over 14 lakhs. Against this, however, we have much lower figures for remission and suspension of revenue, and our betterment under that head is very substantial, close on £1 million. Another expenditure head which is growing is *Posts and Telegraphs*. Here we have had to replenish stores which were depleted by military requirements, as well as to contemplate substantial improvement in pay and in postal efficiency generally. Increases in pay and wages will run through most of our spending departments, and may indeed upset estimates which we have had to frame before the full effects of high prices have been made evident.

43. Apart from these, and the Railway figures which will be discussed below, there is no startling variation from the position in the current year. Full details are as usual given in the Finance Secretary's Memorandum. The aggregate result is that we find ourselves obliged to make provision for Imperial expenditure amounting to £85,357,300. Our task is to provide that amount from our current revenues; and, as will be shown below, we are unable to do so without extra taxation. A few of the main heads of revenue may briefly be examined.

44. *Railways.*—The gross receipts taken in the current year's budget were, as I have previously mentioned, ₹70½ crores, against which we now expect to receive ₹76½ crores. All our experience shows a rapid and unfaltering growth of traffic, and as military requirements fall off, private demands for railway facilities will more than take their place. For next year, therefore, we propose to go up to ₹80 crores,—a figure

which is regarded in the Railway Department as daringly optimistic. There will be a corresponding rise in working expenses : but the heaviest deduction will be for special renewals after the forced neglect of the past few years. Apart from the large capital programme to which I shall shortly refer, we propose to earmark no less than £6½ millions or R9¾ crores for renewals from current revenue. It is a large sum, but the railway authorities are confident of being able to spend it profitably and it is impossible to deny either the need or the urgency for drastic renewals. We take our net railway revenue at about R33½ crores against about R40 crores in the current year.

Customs.—It may reasonably be assumed that tonnage will gradually get easier next year and that the return of peace will bring down prices. The latter movement will tend to reduce the proceeds of customs dues which are levied on an *ad valorem* basis ; but we count upon an inrush of commodities to replenish exhausted stocks. We are consequently budgeting for R20 crores against about R19 crores expected in the current year. This assumes that we shall adhere to the special duty on petrol which is a very reasonable addition to our revenues even in peace time. I shall subsequently introduce a small bill continuing our present Motor Spirit Duties Act, which covers only the period of the war and six months thereafter and which probably would otherwise lapse before the close of the coming year. Under the majority of the other tariff heads we have allowed for substantial increases, but we anticipate a considerable decrease in (*a*) the export duty on rice, owing to the large diversion of Burma rice for Indian requirements, and (*b*) the import duty on cotton manufactures, as a result of agricultural conditions and the present disparity between European and Indian prices.

Mint and Exchange.—The gain on exchange is taken at a little over £1 million. Though high, this figure is a serious drop from what we expect in the current year —nearly £4¼ millions. There are three reasons for the decline. First, there will be a large falling off in our gross receipts from exchange in consequence of the great reduction in our anticipated recoveries from the War Office against expenditure undertaken on their behalf in India. Second, we are estimating for much smaller sales of Council Bills, while there will at the same time be a diminution of the gain on exchange which we shall realise from them. This is due, not to any expectation of departing from the present rate, but to an arrangement into which we entered with the Exchange Banks during our period of financial strain. I think it is an open secret that, in consideration of their insuring the finance of exports of national importance, the Secretary of State guaranteed the six British Exchange Banks that they would be allowed to bring back to India, at the rate at which the transactions took place, funds to the extent to which they were compelled to overbuy in that connection. Third, though we do not anticipate that our actual silver coinage will be as great as in the current year, we expect that the loss on coinage to be set off against the gain on exchange will be no less ; since a considerable portion of our silver coined in the current year was paid for by rupee credits granted to the United States Government, the rate of which is so adjusted that no formal loss arises out of these transactions.

We have also again allowed for high receipts under Mint, though here too there is some reduction owing to the fact that a somewhat smaller amount of new silver will come under coinage. The estimates as they stand include provision for seigniorage on the coinage of the balance of the American silver as well as for new purchases by the Secretary of State, also for a large amount of subsidiary coinage which we expect to undertake in view of the present extraordinary demand for small coin.

Other Heads.—We provide for increases, as the result of normal growth, under Stamps, Excise and Posts and Telegraphs, after allowing in the case of excise revenue for the prevalence of famine conditions in several provinces. Under Posts and Telegraphs there will be a falling off in the volume of military traffic, but we shall realise a full year's yield from the enhanced rates introduced in the current year. We anticipate some decline under Salt as we expect further large issues against uncleared indents in respect of which duty has already been paid.

Income-tax.—The figures here will be explained in a moment. They cover however one concession—the only fiscal concession possible in this budget—which we have felt ourselves constrained to make. On none has the present range of prices fallen more heavily than the people on low salaries who are caught in the smallest mesh of our income-tax levy. There can be no question that the R1,000 minimum

is now a serious hardship, and we have decided to raise the taxable limit of income to R2,000. We estimate that we shall thereby lose 75 lakhs or £500,000 ; but we shall relieve no fewer than 237,000 petty assessees, out of the total number (381,000) of people who pay the tax now. Incidentally I may explain here that as income-tax revenue is shared between Imperial and Provincial, a portion of the loss would in the absence of any adjustment fall on provincial revenues. It will, however, of course be necessary for us to make good to the provinces by assignments the amount so lost, just as we took assignments from them in respect of the additional receipts due to the enhancements of taxation effected in 1916 when these would otherwise under the ordinary classification have been credited to the provinces.

45. Enough has been said to show that we are not free from difficulty with our revenue estimates, but that we have not allowed the uncertainty of the future to deter us from pitching our figures as high as prudence permits. The total result is that we get a revenue of £80,192,100 all told, or a shortage of £5,165,200 in comparison with our estimated expenditure. To fill this gap, and to give us a small surplus as a margin for the fluctuations of the year, we are asking the Council to impose a duty on Excess Profits earned in the current year. We estimate the gross yield of this duty at about £7½ millions. Against this, there will be a loss of super-tax (estimated at £1 million), since super-tax and excess profits duty will not be both assessed on the same business, and also of income-tax (to the extent of about £450,000) since a rebate will be given for the purposes of this tax in respect of the amounts paid as excess profits duty. Allowing for these losses, we place our net estimated receipts from the excess profits duty at about £6 millions, and our estimated surplus will be £868,100.

46. *Revenue and Expenditure—Provincial.*—The provincial revenues are taken in the Budget at close upon £37 millions, and the expenditure at a little over £38½ millions. With the conclusion of the war we felt that we could not reasonably ask Local Governments any longer to refrain from drawing to a moderate extent on the large accumulated balances which most of them have now at their credit. We therefore informed them that in our opinion additional expenditure may now be reasonably incurred upon :—

(*a*) the extension of education in directions where it has been specially hampered by war economies ;

(*b*) the development of industries ;

(*c*) the repair of actual damage which the financial stringency of the last three years has caused to public institutions and services, and

(*d*) purposes which, though not immediately remunerative, will secure an improved and not greatly deferred return to the State or the country at large, such as capital outlay on the development of forests, agricultural experiments and the like.

It was also added that of course expenditure in connection with the relief of distress and the like in consequence of the present agricultural situation in several provinces, whether in the form of famine relief outlay or of advances, should be duly provided for and incurred in accordance with real requirements. The provinces have taken full advantage of this advice, and it will be observed that the estimates provide for a draft on provincial balances of over £1½ millions. This does not, however, represent the full extent of the proposed expansion of provincial expenditure as compared with that undertaken in the current year, as the provinces collectively are now budgeting for an increase of £3¾ millions on their revised estimates of £34·8 millions.

G.—Borrowing and Ways and Means.

47. In the remarks on the Revised Estimates it was explained how in the last few years our main difficulty lay in so arranging our funds that they would be in the place where they were required. In the coming year we hope that this problem will not recur in the acute form recently experienced, and in fact the salient feature in the ways and means programme which is now laid before the Council is the large capital outlay which we propose to undertake on our railways. Though in the past there may have been grounds for the complaints made that the importance of developing

our railway estate was not sufficiently appreciated, the necessity for a more progressive policy than has hitherto been adopted had been brought home to us even before the war, and I know that Sir William Meyer had this particular matter very close at heart. The disturbance due to the war made it impossible to put that policy into action, if only because of the impossibility of obtaining material; but the Government of India had, before hostilities terminated, placed in the hands of the Secretary of State a very full statement of the requirements which they wished to be met at the earliest possible date, and the intention was that these railway requirements should have the first call on the reserve of £20 millions which was set aside at home for meeting our post-war liabilities. It is now a great pleasure to me to be able to announce that we are budgeting during the coming year for a railway capital programme of no less than £17¾ millions, which is, as the Council is aware, far in excess of the largest programme (£12 millions) ever previously undertaken, and also of the maximum programme contemplated by the Mackay Committee, namely £12½ millions. This sum is of course additional to the large programme outlay on renewals from revenue, £6½ millions, included in our railway revenue budget, the inclusion of which brings our total programme expenditure up to £24·2 millions.

48. The statement below shows the manner in which we expect to be able to finance this expenditure and the nature of our other more important non-revenue transactions, the figures being for England and India combined :—

Outgoings.		(£ Millions.)	*Receipts.*	(£ Millions.)
Discharge of treasury bills		8·0	Receipts of Indian loan	10·0
Repayment of assets of hostile firms held in deposit by Government		2·4	Withdrawal from special reserve	6·9
Capital outlay on—			Credits for issues of stores charged to suspense account	11·1
Railways	17·7		Reduction in cash balance of military disbursing officers, as the result of demobilization	2·1
Irrigation	0·4		Credits in respect of silver inclusive of American silver paid for in 1918-19 but expected to arrive in India in 1919-20	5·2
Delhi	0·3		Imperial surplus	0·9
		18·4	Net deposit into savings banks and miscellaneous transactions	4·3
Provincial deficits		1·6		
Net issues of Imperial and Provincial loans		0·8		
Payment to His Majesty's Government of balance of proceeds of second Indian war loan (at the higher exchange rate of 1*s.* 6*d.* per rupee)		8·9		
		40·1		40·5

This programme contemplates the raising of a loan in India of ₹15 crores or £10 millions, apart from the using up of the balance of the Secretary of State's special reserve, while we expect that our resources will be further assisted by the release of funds at present locked up in the form of war stores as these pass into consumption. On the other side of the account we contemplate the liquidation of a certain amount of our temporary liabilities. We consider this most important since, apart from our treasury bills, we have a very large amount of short-term liabilities maturing in the early future, as the following statement shows :—

		£
1920	3 year War Bonds	13 millions.
1921	Ditto	17 „
1922	5 year War Bonds	8 „
	Cash Certificates, say	5 „
1923	5 year War Bonds	1⅛ „
	Loan of 1915 can be repaid at our option in 1920	8⅛ „
1925	7 year War Bonds	2½ „
1928	10 year War Bonds	17 „

These figures show that, apart from Treasury Bills, we shall have War Bonds to the extent of £13 millions falling due in 1920, and arrangements will then have to be made to meet these in addition to finding further capital funds in that year.

For the purposes of our estimates we have shown the reduction of our temporary liabilities in the form of a net payment of Treasury Bills. But it may in practice be found to be more convenient to devote a certain portion of the proceeds of our loan to strengthening our position in other ways; for example, if the trade demand for Councils exceeds the amount provided in our estimates, we shall require additional funds in India for meeting these. On the other hand, in that case the Secretary of State's balances will be *pro tanto* increased by his receipts from these additional drawings and he will thus have to draw to a less extent on the special reserve, the balance of which would then be available for capital expenditure in the following year.

49. I may add that while we have entered in our estimates a sum of R15 crores for the loan, this must be regarded as an estimate only, as our intention is not to place any limit on the amount of subscriptions which we are prepared to accept; any sums received in excess of this amount will enable us still further to strengthen our position. Similarly the form which the loan should take, the date on which it should be floated, and its terms generally are matters which we shall have to consider further hereafter with reference to the circumstances of the time. The usual warning is necessary with regard to the amount of Councils, namely £10·3 millions, entered in our estimates. This figure is an estimate only, and the Secretary of State reserves the right to increase or diminish the amount offered at his discretion.

50. I turn now to the position in India. As far as we can estimate it, this is likely to be somewhat as follows :—

Outgoings.	(£ millions.)	*Assets.*	(£ millions.)
Military expenditure recoverable from His Majesty's Government	35·8	Proceeds of Indian loan	10·0
Remittances to East Africa recoverable from Protectorate	0·6	Credits for silver purchased in market and for balance of American silver	16·2
Council Bills	9·7	Credits for issues of stores charged to Suspense account	11·1
Net issues of Imperial and Provincial loans	0·8	Reduction in cash balances of military disbursing officers	2·1
Discharge of Treasury Bills	8·0	Excess of revenue over expenditure in India and miscellaneous items	18·0
	54·9		57·4

The figures provide for an increase in our closing balance in India, so as to work to our usual minimum working balance of about 18½ crores on March 31st, 1920.

51. A brief statement is added to show the Secretary of State's position, including the more important disbursements which he will have to make and the resources which he will have available for meeting them. It will be seen from this statement as well as from that of our position in India that we expect a substantial reduction during the year of the expenditure which we are undertaking in India on behalf of His Majesty's Government and of the consequent recoveries to be made from them in England.

Outgoings.	(£ millions.)	*Assets.*	(£ millions.)
Excess of expenditure over revenue	21·7	Council Bill drawings	10·3
Railway capital outlay	18·0		
Payments for market purchases of silver and balance of payments for American silver	11·0	Recoveries from His Majesty's Government and the East African Protectorate of disbursements in India on their behalf (at 1*s.* 6*d.* per rupee)	40·7
Payment to His Majesty's Government of balance of proceeds of Second Indian War Loan (at the higher rate of exchange of 1*s.* 6*d.* per rupee)	8·9	Withdrawals from Special Reserve	6·9
Repayment of assets of hostile firms held in deposit by Government in India	2·3	Miscellaneous transactions	1·9
		Reduction of cash balances	2·1
	61·9		61·9

SECTION III.—CERTAIN SPECIAL HEADS.

A.—Military Services.

52. The table below shows the gross and net expenditure on military services for the coming year and the four years preceding :—

	Gross.					Net, *i.e.*, deducting receipts.
	Army.	Marine.	Military Works.	Special Defences.	Total.	
	£	£	£	£	£	£
1915-16 . .	21,893,200	745,513	850,866	13,514	23,503,093	22,261,353
1916-17 . .	24,260,003	693,680	1,594,538	18,536	26,566,757	24,990,811
1917-18 . .	28,093,904	807,824	1,861,109	813	30,763,650	29,043,141
1918-19 (Budget) .	27,790,900	960,300	1,781,500	*	30,532,700	29,000,000
1918-19 (Revised) .	41,820,000	1,009,600	2,810,000	*	45,639,600	43,926,000
1919-20 (Budget) .	39,729,700	1,231,600	1,821,000	*	42,782,300	41,195,000

*Closed as a separate head from 1st April 1918—see paragraph 91 of Sir William Meyer's Budget speech of 1st March last.

The Legislative Council in its last September session decided that the Government of India should offer to His Majesty's Government, subject to the consent of both Houses of Parliament, an additional war contribution for the current year and each remaining year of the war. This contribution was estimated at £12,700,000 for 1918-19, at £14,700,000 for 1919-20, and at £7,700,000 for the year of demobilization, which was then assumed to be the year 1920-21. Hostilities have now ceased in all the important theatres of war, and the year 1919-20 will therefore be a year of demobilization. The additional contribution for next year is based therefore on the figure (£7,700,000) previously estimated for 1920-21. The contribution, however, included *inter alia* the assumption by India of the liability for certain war pensionary charges; for estimate purposes, this was taken at £500,000 annually. We now learn that His Majesty's Government have already disbursed a sum of £995,000 on account of the pensionary charges of Indian troops and their British officers alone; and as it is desirable that our liabilities in this respect should be adjusted as early as possible, we are increasing the contribution for the year 1919-20 so as to include the extra payment of £495,000 on this account. We have further increased the war pensionary contribution for 1919-20 by another £500,000, to provide for a provisional payment of this sum on account of war pensionary charges of British troops. Thus the total contribution in the current year will amount to £12,700,000 and for next year to £8,695,000. Deducting these special payments, the net expenditure in 1918-19 will, it is estimated, amount to £31,226,000, and for next year the provision will stand at £32½ million. The increase in 1918-19 over the Budget estimate of £29 million, apart from the special additional contribution, thus amounts to £2,226,000. The Budget, however, also included a reserve of £1,977,000 under the Army head to meet unforeseen expenditure. The excess over specific provision is therefore £4,203,000. Of this, about £1,000,000 has been or will be spent on military works necessitated by war conditions, including £150,000 for the establishment of an engineer base park at Lahore; £143,000 for improvement of frontier roads to make them fit for mechanical transport; £82,000 for work on the acetone factory at Nasik, and £83,000 on additional barrack supplies. The balance is made up of a number of relatively minor works, practically all of which are due to the war. As regards the excess expenditure of about £3,200,000 under the Army head, we have had to meet

the cost of the Marri operations for which no Budget provision was made. Early in the financial year the strategical situation necessitated the complete mobilization of certain Divisions and Brigades on the frontier and the consequent maintenance of additional animal and mechanical transport. Higher expenditure was incurred also in connection with the provision of accommodation for additional troops allotted for the defence of the North-West Frontier. These undertakings are estimated to cost £700,000. The railway charges for military traffic have risen by £777,000. Following the scheme recently sanctioned at Home, we are granting increased pay in the form of bonus as from 1st February 1919 to British troops and British officers of the Indian Army forming the normal garrison in India and to certain Royal Indian Marine personnel. This is estimated to involve an extra outlay of £446,000 in 1918-19. Food charges, mainly on account of the rise in prices, account for an increase of £400,000; and a sum of £212,000 represents the additional outlay on travelling and contingent charges and hire of transport. The expansion of the operations of the Indian Munitions Board led to an expenditure of £85,000 above the Budget estimate; while the expenditure on medical stores in India and on Home stores for the Army have risen by £58,000 and £102,000 respectively, in addition to an outlay of £203,000 on aviation stores obtained direct from the War Office and adjusted in India.

53. The receipts for 1918-19 have improved to the extent of £180,000, principally on account of sales of dairy farm produce and of stores and provisions through the agency of the Supply and Transport Corps.

54. The Budget provision for next year, apart from the additional war contribution to the Imperial Government, amounts to £32½ million, which is £1,274,000 more than the corresponding expenditure anticipated in the current year. The Budget for 1919-20 includes a higher provision of £2,054,000 on account of increased pay to troops in the form of bonus already referred to. It also includes £1 million as an instalment towards the building up of a reserve of mobilization war stores, which the Military authorities, in view of the experience gained in the war, consider it necessary to maintain. The Budget also includes a reserve to meet unforeseen charges of £871,000. But for these increases, the provision for next year would be £2,651,000 less than the expenditure of the current year. The largest item contributing to this decrease is a lower provision of £1,810,000 under the head "War —India," to which head all expenditure in connection with the North-West Frontier operations, port defences and coastal patrol services, Aden operations, etc., is debitable. India's liability in connection with the scheme for the expansion of Ordnance factories is limited to a single payment of £250,000, which has been made in 1918-19; and no provision on this account is therefore necessary in 1919-20. The allotment for the Military Works Services for next year is nearly £1 million lower than the expected outlay in 1918-19, in which year very heavy expenditure has had to be undertaken on special works necessitated by the war. On the other hand the provision at Home for Army stores is higher by £234,000. For Marine Home stores, including completion of the two Royal Indian Marine steamers under construction at Home, an extra provision of £215,000 is required. Lastly, as it is probable that the high prices for food supplies will continue for at least another 6 months, an additional £200,000 is required in 1919-20.

55. Indian Princes and others have contributed during this year £640,000 in the way of cash contributions towards the cost of the war. The total receipts, since the commencement of the war, amount to £2,100,000. Considerable sums have again been received by His Excellency the Commander-in-Chief for the provision of Ford vans and motor ambulances, the supply of comforts to the troops overseas, etc.

56. The payment against Indian revenues, on account of normal pay and maintenance charges of the military forces despatched out of India up to the end of 1918-19, amounts approximately to £39 millions. This sum must, however, be reduced by the cost of maintaining substituted British troops (Territorial and Garrison battalions) actually serving in India, which is a charge against His Majesty's Government. Deducting this figure, the total net contribution in the way of ordinary charges towards the cost of the war in respect of Expeditionary Forces is estimated at £22·2 millions to the end of 1918-19, to which a sum of £4·2 million needs to be added in respect of the coming year. In addition, as pointed out in paragraph 52 above, we are making an additional contribution of £12,700,000 in 1918-19 and £8,695,000 in 1919-20. Outside the adjustments in respect of substituted

British troops, the additional outlay, due almost entirely to the war, which we have had to meet in excess of the normal net military expenditure of about £20 millions prior to the war, amounts to £40·7 millions to the end of the current year, and to £61·9 millions taking into account the estimated expenditure for 1919-20.

B.—Railways (Capital outlay).

57. The following statement gives the figures of Railway Capital expenditure on State-owned lines included within the Railway Programme for the coming year and the four years preceding :—

—	1915-16.	1916-17.	1917-18.	1918-19, Revised.	1919-20, Budget.
	£	£	£	£	£
(1) Open lines including rolling stock .	3,864,200	1,236,500	1,595,200	4,009,500	17,191,900
(2) Lines under construction—					
(*a*) Started in previous years .	627,100	245,700	129,200	375,300	508,100
(*b*) Started in current year .	...	496,500	804,900	18,300	...
Total .	4,491,300	1,978,700	2,529,300	4,403,100	17,700,000

In the Budget for the current year provision was made for £4·2 million ; this had subsequently to be increased to £4·4 millions in order to meet the cost of certain urgent works which were chiefly required for military purposes.

58. Next year it is proposed to provide £17·7 millions; this is the largest amount that has ever been allotted to railways in any one year. During the war the amount that could be found for the steady improvement of transportation facilities which is usually carried on from year to year has been necessarily restricted, not only for financial reasons but also by the difficulty of obtaining materials. It is unfortunate that this annual improvement in our railway facilities has had to be deferred at a time when the traffic has been so heavy. Moreover the amount of rolling stock (engines and wagons especially) which it has been possible to obtain recently has been very limited. The large arrears that have consequently accumulated have now to be made good and it is necessary to bring our railway system to the required standard as soon as possible.

59. Although hostilities have ceased, the position as regards Branch Line Company projects remains much the same as it was a year ago. The difficulties attendant on the raising of Capital continue, and new construction under Branch Line terms is still in abeyance.

60. The following figures show the capital outlay on all State lines up to the end of each year from 1915-16, and the net return obtained after deducting working expenses and interest charges :—

(Capital and profit figures in thousands of pounds.)

—	1915-16.	1916-17.	1917-18.	1918-19, Revised.	1919-20, Budget.
Capital at charge at end of each year .	364,858	365,483	366,463	369,439	385,677
Working profit from railways excluding interest charges.	17,797	21,148	23,990	25,260	21,242
Percentage of same to capital outlay .	4·88	5·79	6·55	6·84	5·51
Final working profit after meeting interest charges.	4,075	7,482	9,880	11,193	6,904
Percentage of same to capital outlay .	1·12	2·05	2·70	3·03	1·79

The return on railway capital (excluding interest charges) was estimated in the current year's Budget at 6·19 per cent. We now estimate it at 6·84 per cent. in consequence of the increase in net railway earnings which I have already dealt with in my review of the Revised Estimate. For next year we put it at 5·51 per cent. in view of the smaller estimate of net earnings arrived at in the Budget.

61. The charges for interest in the current and ensuing years work out to 3·81 and 3·72 per cent. respectively on the capital outlay, so that the final net profit on railways is 3·03 and 1·79 per cent. respectively. These interest charges include certain annuity and sinking fund payments which really go to the discharge of debt.

C.—Irrigation (Capital outlay).

62. The financial position of our great irrigation undertakings may be gathered from the following table which brings up to date the information given in connection with previous Financial Statements. The figures are in thousands of pounds :—

Particulars.	1915-16.	1916-17.	1917-18.	1918-19 (Revised).	1919-20 (Budget).
1	2	3	4	5	6
Productive Works.					
Capital outlay to end of each year .	36,603	37,120	37,497	37,799	38,237
Total receipts including land revenue due to irrigation.	4,394	4,733	4,660	4,928	5,040
Total expenses including interest on debt.	2,549	2,488	2,613	2,626	2,633
Net profit .	1,845	2,245	2,047	2,302	2,407
Percentage of net profit to capital outlay	5·04	6·05	5·46	6·09	6·29
Protective Works.					
Capital outlay to end of each year .	5,853	6,166	6,495	6,207	7,151
Total receipts including land revenue due to irrigation.	118	105	99	134	125
Total expenses including interest on debt.	277	276	307	323	335
Net loss .	159	171	208	189	210
Percentage of net loss to capital outlay .	2·72	2·77	3·20	2·78	2·94
Minor Works and Navigation.					
Direct receipts	287	317	304	324	317
Expenditure	869	781	861	964	1,017
Net loss .	602	464	557	640	700

63. The total length of main and branch canals and distributaries from which irrigation was done during the year 1917-18 aggregated nearly 65,500 miles, a length which will have been increased by some 700 miles before the current financial year closes. These channels irrigated last year an area of $25\frac{3}{4}$ million acres out of a total culturable commanded area of about double that extent. The area irrigated during the current year is expected to fall short of that realized in 1917-18 by about a million and a quarter acres as a result of the serious deficiency in the rainfall. The operations of the recently completed triple canal system in the Punjab continue to expand. About 1,200,000 acres of crops were brought to maturity in 1917-18, and a further increase of 100,000 acres is anticipated during the present financial year.

These results are extremely satisfactory, as the system was only declared complete on the 31st March 1917.

64. Besides the canals actually in operation, the results of which are briefly alluded to above, there are 34 major works—new systems or adjuncts of existing ones —which are either under construction, awaiting sanction or being examined by the professional advisers of the Government of India and of Local Governments. It is probable that the great majority of these works will eventually be carried out; their construction will, of course, occupy a considerable period of time, and it has been roughly computed that if they are all undertaken they will extend the benefits of irrigation to an additional area of about 11 million acres a year. They are estimated to cost £32 million sterling and to produce a net revenue of nearly £2½ millions.

65. Owing partly to the continuance of financial stringency and partly to the depleted condition of our engineer cadre as a result of the transfer of a large number of the officers of the Department to military duty, no new irrigation works of any importance were sanctioned or investigated during the present year.

66. The investigation of three schemes of the first magnitude was continued and it is hoped that the projects will soon take shape. Of these, the Sukkur Barrage project in Sind provides for a weir across the Indus with two large canals taking off on the right and left banks of the river to supply water for the perennial irrigation of areas now served by various inundation canals. The estimated capital outlay amounts to ₹1,100 lakhs. The project for the Sind-Sagar Doab canal in the Punjab comprises a barrage on the Indus at Kalabagh and an extensive canal system. This scheme will provide for the irrigation of some 200,000 acres and will cost about ₹7 crores. The Bhakra Dam scheme on the Sutlej, also in the Punjab, is being designed to store water to a depth of 360 feet above the river bed and will provide a storage of 110,000 millions of cubic feet of water during the monsoon without affecting the interests either of the existing Sirhind Canal or of the proposed Sutlej Valley scheme. The cost of the project is estimated at approximately ₹10 crores. About 1·4 million acres will be irrigated and the dam, if built as now designed, will be higher than any in existence.

67. The Cauvery (Metur) Reservoir project in Madras remained under the consideration of the Government of India. The project consists of a dam at Metur on the Cauvery to store 80,000 million cubic feet of water, and of a canal 78 miles long with a connected distributary system. The works are estimated to cost 4 crores of rupees, and to yield a return of over 5 per cent. on the capital cost: they provide for the complete control of the present fluctuating supplies to the Cauvery delta system and an area of 371,000 acres of new irrigation is also anticipated.

68. The proposed Sarda Canal for Oudh, which is also under the consideration of the Government of India, will, if constructed, rank among the largest irrigation works in the world. The gross area commanded is over 8 million acres, of which nearly 2 million acres will be irrigated annually. The net revenue anticipated will be nearly ₹59½ lakhs, which represents a return of 9·05 per cent. on the capital outlay of about ₹6½ crores. The Sarda Kichha feeder, for which a separate estimate has been prepared, forms part of this irrigation scheme. The combined project is designed to irrigate nearly 2¼ million acres and is expected to yield a return of 8½ per cent. on a total capital outlay of ₹857 lakhs.

69. The Sutlej Valley project was referred to a conference at which representatives of the Bahawalpur and the Bikanir Durbars met those of the Governments of India and the Punjab, with the result that an agreement was reached on the main outstanding points of principle connected with the apportionment of the available supplies of the Sutlej river between the two States mentioned; it is hoped that an arrangement acceptable to all the parties concerned will now be arrived at. This project is the largest at present under consideration, being designed to irrigate more than three million acres at a capital cost of about £6½ million sterling.

70. Satisfactory progress is being made with irrigation on the Upper Swat river canal which was completed last year and still more favourable results will, it is hoped, be realized now that more settled conditions have set in on the north-west frontier. The Tendula project in the Central Provinces, the Ghaggar Canal in the United Provinces and the Pravara Right Bank Canal in the Bombay-Deccan have also been opened for irrigation.

D.—New Delhi.

71. The expenditure during the current year under this head is expected to amount to R43 lakhs as compared with a budget provision of R40 lakhs. In accordance with the communiqué issued in June 1918 work was strictly confined to the erection of such buildings as were estimated to be required for occupation by troops and the Government of India, together with a portion of the work required to bring the central buildings to the level of the top of the basements, *i.e.*, the level at which work could be stopped with the least ultimate loss, and the provision of the engineering services and works connoted by that programme. When the armistice was signed conditions were materially changed, and in order to prevent an untimely dispersal of labour which would have been particularly unfortunate when serious drought had caused a dearth of employment in the fields, a further sum of R3 lakhs was asked for and granted.

72. The grant for the coming year has been fixed at R45 lakhs, and it is hoped that work will now proceed as expeditiously as funds and the obtaining of materials will permit. The recurring expenses of the present makeshifts are adding appreciably to the cost of the new official capital of India, and furnish a powerful reason for pushing on the permanent works with all reasonable speed.

SECTION IV.—THE OUTLOOK.

73. The brief review of two very exceptional years which I have now attempted suggests matter for serious thought regarding our financial future. All the lessons of history teach us that, after the feverish activity of war time in a country which has been assisting in, though not the scene of, hostilities, reaction inevitably ensues. The prosperity which is built up on the production of the perishable munitions of war stands on foundations of sand and must soon collapse. The vast destruction of material wealth in the world, however its effects may be disguised during the busy period of reconstruction, must ultimately bring depression in its train, and the recovery back to normal conditions is slow and arduous. Large issues of war loans mean increased national expenditure of an unproductive type, and thus entail unprofitable taxation. The creation of money and credit, especially credit which takes the form of paper money, is a pleasant process while it lasts, but carries an inevitable sting; for every excess of paper currency has to be liquidated, and the value of money has to be reduced into accord with the needs of normal business. High prices, fostered by the curtailment of productive output, and not uninfluenced by the expanded currency, force up wages; and when prices fall again, as fall they must, capital suffers, wages have to be reduced and labour complications arise. The whole cycle of economical evils which follow upon war is a commonplace with students and needs no further emphasis. Let us see how India is prepared for the troublesome period through which the whole world will have to pass sooner or later.

74. The first obvious consideration is that we must get our currency habits back on to a sounder basis. It is a startling fact that between April 1915 and the present time nearly 120 crores of rupees have been added to the circulation. To provide India with this amount it has been necessary, besides using up the world's current production of silver, to deplete its accumulated stocks. Without the assistance of the Government of the United States, we should not have been able to satisfy the appetite of India for metallic currency. To anyone, who gives the subject a moment's thought, two conclusions are irresistible. In the first place, the huge sums which it has been necessary for India to pay for the purchases of silver bring home to us the wasteful and extravagant nature of what we have been doing. In the second place, a continuance of demand for metallic currency on this scale must react violently on our whole currency and exchange policy. On the question of extravagance, I need only quote here the remarks which Your Excellency made in this connection at the session of this Council in September last :

'But let me again emphasise how unprofitable to India is this lavish outpouring of metallic currency. The purchase of the silver alone means that India's money is being spent abroad to unfruitful purpose. Should the present rates of absorption continue to the end of the year, more than 100 crores of India's money will have been squandered within three short years. Had it been invested, the interest would have strengthened our revenues, and could have been spent to India's material

advantage. Everybody therefore who insists on payments in metal instead of in notes is directly hampering India's interests. We all know the parable of the servant who, entrusted by his master with a talent of silver, buried it in the ground instead of putting it to profitable use. He was rightly treated as an unprofitable servant. The moral of the old parable holds good to-day. From time immemorial India has been held up to reproach as the grave of the precious metals. If she is to take her proper place among the progressive nations of the world, she must in her own interests do as Japan and other civilized nations do—put her hitherto immobile wealth to profitable uses.'

As regards the second point, namely, the effect on our general arrangements, it is probable that the world will be unable to continue to supply India for an indefinite period with silver on the present scale, coupled with the much more moderate demands of other countries. It must be remembered in this connection that the Pittman Act contemplates the restoration in the moderately early future to the United States reserve of the silver taken therefrom; this alone, apart from other demands, will absorb the production of the American mines for several years. With the re-establishment of normal conditions the Indian demand may conceivably subside of itself to more reasonable proportions; but if this does not prove to be the case, I would ask Hon'ble Members to recognise the problem that will face us. If the absorption of rupees were to continue at the rate of the past three years, the time must ultimately come when it would be physically impossible to purchase sufficient silver to replace them, and in that event our internal currency policy would have to be fundamentally recast. Or, if by superhuman efforts, and by outbidding all other purchasers, we were lucky enough to secure the requisite amount of silver, it is more than likely that our operations would force up the price to some giddy height, and would throw the whole of our exchange policy into the melting pot. This particular side of the problem is now being carefully examined with a view to defining our exchange and silver policy; and I need say no more upon it at present than that it brings out one of the uncomfortable consequences of war for which we are already suffering. War and its rumours revived in a highly exaggerated form the ancient Indian custom of hoarding metallic currency which we had hoped we were slowly overcoming; and until recovery in this respect sets in, our difficulties must continue acute.

75. The second task before us is some contraction of the paper currency. Four years ago the effective circulation of our notes was under 60 crores; to-day it is close on 150 crores. It would hardly seem consistent to deplore these figures after extolling the superiority of paper over metal currency. It is also true that we have long laboured to popularize our notes. Moreover it is comforting to know that the metallic backing of our paper circulation is very much stronger to-day than it was in the critical months of last year. Nevertheless, as we all know, many friendly critics have been disturbed by the series of Ordinances which provided for the rapid increase of our currency investment; and none of us can pretend to any affection for that form of investment into which our necessities have recently forced us; I mean, the purchase of our own Treasury Bills. This particular method of obtaining funds is easy enough, but obviously cannot be used except in emergency and with the greatest caution. Although practically every belligerent country has had to finance itself in some measure by an abnormal recourse to the printing press, warnings are now being heard on all sides about its serious consequences. Here in India, if our responsibilities for meeting war expenditure forced us to err in this direction, we certainly have sinned against the light to a very much smaller extent that other countries. The time however is now coming when we shall no longer be able to plead, as an excuse for borrowing from our Currency Reserve, the exigencies of war; and we ought to try to retire at least that portion of our paper which is represented by our own Treasury Bills. Some of us would probably like to go further and reduce the outstanding note circulation until we hear no more of forced discounts in the countryside and their hardships on the people; but it is not easy to see how this adjustment can be effected until silver comes out of hoards and resumes its duty as a circulating medium.

76. The third and most imminent phase of the problem is the redemption of our temporary war obligations. An earlier passage in this Statement has shown the amount of short-term war bonds that are hanging over our heads. Cash Certificates and Treasury Bills must be added to these floating liabilities. The clearance of our war stores suspense account is a minor nightmare of a somewhat similar character; it probably means a liability of £6 millions at the end of next year, which we must

meet by transfer at the earliest possible occasion to our revenue account. If we cannot fund these short obligations on reasonable terms—and for the purposes of government in India a 6 per cent. rate of interest cannot be regarded as reasonable—we shall have to redeem them as they mature. Simultaneously however with finding the necessary sums for this operation we shall, during the years over which it is spread, have irresistible claims upon us to raise capital for internal development, railways, industries, forests and the like. And again, during the same period we shall have to launch into very heavy expenditure for the education and well-being of the people, without which our political progress would be largely nugatory. The coming burden therefore upon our revenue resources cannot be envisaged without considerable anxiety.

77. In saying all this I have no desire to pose as a pessimist or alarmist. Far from being a pessimist, I believe that India's control over raw materials for which the whole outside world will be contending, places her in a position of exceptional strength and will exempt her from many of the discomforts and sufferings that the period of reaction will entail upon other countries. It is wise however to face the facts. We have heavy liabilities hanging over us in several directions; debt of an unproductive character which we ought to dispose of in order to facilitate a remunerative borrowing programme in the near future; a currency position which requires careful handling and at least some withdrawal of our recent emergency issues of paper; and a general consolidation of our position with a view to the development of our national intelligence and earning power. If this teaches us anything, it is that our watchword must be rigid economy, both in the Government and in the lives of individual citizens. We shall want a relatively high scale of taxation to get rid of our superfluous obligations. If the taxes are to be paid, the people must save; unless the taxes are to be oppressive, the Government must economize. You may think that economy is a threadbare motto in our Financial Statements; but I am convinced that, coupled with courageous outlay on the essentials of progress, a strict economy in all non-essentials will in the near future be more necessary than it has ever been.

78. In conclusion I am sure that the Council will concur with me in expressing our obligations to the staff of the Finance Department for their unceasing labour during a particularly trying year. The toil has been shared by all grades of employés in the provincial account offices, currency offices and Mints. Both our Mint Masters have shown great resource and endurance. Messrs. Gubbay and Cook have directed currency operations with skill and vigilance. Among our Accountants-General and officers of similar status it is invidious to discriminate; but thanks are specially due to Messrs. Alder, Carson and Philipe. At headquarters Mr. Howard assisted by Mr. A. V. V. Aiyar on the civil side, and Sir Godfrey Fell and Mr. B. N. Mitra on the military side have had an extraordinarily heavy task, admirably performed. I am specially indebted to Messrs. Howard and Cook for the large share they have taken in preparing this Statement.

JAS. S. MESTON.

The 1st March 1919.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA

MARCH 1919.

ACCOUNTS	1917-18
REVISED ESTIMATES	1918-19
BUDGET ESTIMATES	1919-20

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (*a*)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	21,607,246	22,798,600	20,945,500	22,653,100
Opium	„	3,078,903	3,191,800	3,229,000	3,056,200
Salt	„	5,499,487	3,492,200	4,176,300	3,914,300
Stamps	„	5,727,522	5,938,000	5,896,500	6,097,100
Excise	„	10,161,706	10,647,000	11,541,800	12,133,300
Customs	„	11,036,588	10,814,400	12,603,200	13,352,400
Income Tax	„	6,308,104	6,333,200	7,300,900	13,521,500
Other Heads	„	3,885,177	3,870,700	4,094,600	4,568,900
TOTAL PRINCIPAL HEADS	...	67,304,733	67,085,900	69,787,300	79,296,800
Interest	A	2,170,108	3,552,600	4,020,800	3,637,400
Posts and Telegraphs	„	4,616,690	4,782,800	5,322,900	5,716,800
Mint	„	517,401	376,000	1,716,800	1,303,200
Receipts by Civil Departments	„	1,935,364	1,956,100	2,086,600	1,957,500
Miscellaneous	„	4,868,356	1,295,200	5,771,000	2,507,400
Railways: Net Receipts	„	24,141,708	22,983,700	25,347,400	21,372,900
Irrigation	„	5,063,879	5,320,400	5,402,200	5,498,600
Other Public Works	„	323,599	304,900	331,900	312,900
Military Receipts	„	1,720,509	1,532,700	1,713,600	1,587,300
TOTAL REVENUE	...	112,662,347	109,190,300	121,500,500	123,190,800
DEFICIT	...	...	...	4,350,600	...
TOTAL	...	112,662,347	109,190,300	125,851,100	123,190,800

(*a*) The figures of the Budget estimates for 1918-19 shown in this statement and in statement II represent the estimates as presented sanction to which was received too late for the incorporation of the grant in the Budget statements.

(*b*) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the

DELHI,
FINANCE DEPARTMENT,
March 1, 1919.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (*a*)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	9,854,695	10,454,800	11,676,600	11,293,300
Interest	„	7,328,169	7,784,300	7,733,200	7,763,500
Posts and Telegraphs	„	3,567,730	3,931,400	4,116,500	4,580,200
Mint	„	167,382	170,000	267,000	284,500
Salaries and Expenses of Civil Departments	„	20,855,368	23,164,300	24,474,800	24,336,400
Miscellaneous Civil Charges	„	5,918,707	5,671,500	6,130,700	6,115,700
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,502,400
Railways: Interest and Miscellaneous Charges	„	14,227,385	13,782,000	14,154,000	14,468,900
Irrigation	„	3,784,838	3,928,700	3,988,300	4,075,400
Other Public Works	„	5,048,294	6,057,700	5,596,800	6,761,400
Military Services	„	30,763,650	30,532,700	45,639,600 (*b*)	42,782,300 (*b*)
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	102,516,218	106,477,400	124,777,500	123,964,000
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	2,256,623	572,600	1,165,900	11,500
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*197,568*	*441,200*	*92,300*	*1,652,800*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	104,575,273	106,608,800	125,851,100	122,322,700
SURPLUS	...	8,087,074	2,581,500	...	868,100
TOTAL	...	112,662,347	109,190,300	125,851,100	123,190,800

to the Council last March and do not take account of the grant of £200,000 for technical and agricultural education, the Secretary of State's military forces raised in India.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Surplus	C	8,087,074	2,581,500	...	868,100
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	"	—500,000	—250,000	...	...
Capital contributed by Indian States towards construction of State Railways	"	100,000	33,300	...	...
Capital raised and deposited by Railway Companies (net)	"	...	...	...	165,700
TOTAL CAPITAL ACCOUNT RECEIPTS		—400,000	— 216,700	...	165,700
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	69,239,218	...	...	724,000
Temporary Debt (net incurred)	"	49,267,455	...	9,111,000	...
Unfunded Debt (net incurred)	"	9,568,066	1,215,300	4,295,700	2,630,400
Deposits and Advances (net)	"	...	4,139,500	2,081,600	19,229,200
Loans and Advances by Provincial Governments (net Repayments)	"	528,737	119,100	...	...
Loans to Local Boards for Railway Construction	"	...	8,700	17,300	9,000
Remittances (net)	"	...	2,000,000	4,342,200	4,140,800
Secretary of State's Bills drawn	"	24,799,964	...	6,599,200	10,250,000
Sterling Transfers on London	"	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		153,403,440	7,482,600	31,872,000	36,983,400
TOTAL RECEIPTS	...	161,090,514	9,847,400	31,872,000	38,017,200
Opening Balance—India	...	15,293,216	16,522,616	15,325,177	9,963,677
England	...	(a) 11,391,993	(a) 15,781,193	(a) 16,625,416	(a) 13,475,316
TOTAL	...	187,775,723	42,151,209	63,822,593	61,456,193

(a) Include balances of the Gold Standard Reserve as shown

M. F. GAUNTLETT,
Comptroller and Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 1, 1919.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Deficit	C	...	...	4,350,600	...
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	,,	372,991	466,700	293,900	433,300
Outlay on State Railways	,,	3,571,464	3,704,400	4,304,100	16,431,500
Initial outlay on new Capital at Delhi	,,	250,543	266,700	286,700	300,000
India's Financial Contribution to the War	,,	100,000,000	...	...	...
Outlay of Railway Companies (net)	,,	—694,144	631,600	261,000	1,438,300
Capital raised and deposited by Railway Companies	,,	805,810	2,242,400	1,201,900	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	104,306,664	7,311,800	6,347,600	18,603,100
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	877,300	14,819,900	...
Temporary Debt (net discharged)	,,	...	2,666,700	...	7,994,700
Deposits and Advances (net)	,,	26,298,745	...	...	...
Loans and Advances by Imperial Government (net Advances)	,,	52,624	59,500	68,000	59,500
Loans and Advances by Provincial Governments (net Advances)	,,	...	...	1,267,100	760,100
Loans to Local Boards for Railway Construction	,,	268	...	...	...
Remittances (net)	,,	381,749	...	...	...
Secretary of State's Bills paid	,,	24,785,080	1,933,300	8,105,400	10,250,000
Sterling Transfers on London	,,	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	51,518,466	5,536,800	29,685,400	19,064,300
TOTAL DISBURSEMENTS	...	155,825,130	12,848,600	40,383,600	37,667,400
Closing Balance—India	...	15,325,177	12,273,116	9,963,677	12,462,077
England	...	16,625,416 (a)	17,029,493 (a)	13,475,316 (a)	11,326,716 (a)
TOTAL	...	187,775,723	42,151,209	63,822,593	61,456,193

(a) See the notes on pages 44 and 45.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	£	£	£	£	£	£	£
I.—Land Revenue	21,607,246	...	**21,607,246**	10,611,344	10,995,902	20,945,500	...
II.—Opium	3,078,903	...	**3,078,903**	3,078,903	...	3,229,000	...
III.—Salt	5,499,487	...	**5,499,487**	5,499,487	...	4,176,300	...
IV.—Stamps	5,727,522	...	**5,727,522**	2,918,379	2,809,143	5,896,500	...
V.—Excise	10,161,699	7	**10,161,706**	2,807,314	7,354,392	11,541,300	...
VI.—Provincial Rates	28,633	...	**28,633**	132	28,501	29,600	...
VII.—Customs	11,036,588	...	**11,036,588**	11,036,588	...	12,603,200	...
VIII.—Income Tax	6,308,104	...	**6,308,104**	4,092,373	2,215,731	7,300,900	...
IX.—Forest	2,731,284	...	**2,731,284**	113,049	2,618,235	2,910,800	...
X.—Registration	527,590	...	**527,590**	7,357	520,233	553,300	...
XI.—Tributes from Indian States	597,670	...	**597,670**	597,670	...	600,900	...
Total	67,304,726	7	**67,304,733**	40,762,596	26,542,137	69,787,300	...
XII.—Interest	863,301	1,306,807	**2,170,108**	1,857,099	313,009	1,222,300	2,798,500
XIII.—Posts and Telegraphs	4,568,378	48,312	**4,616,690**	4,616,690	...	5,309,900	13,000
XV.—Mint	517,401	...	**517,401**	517,401	...	1,716,700	100
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	435,150	...	**435,150**	28,418	406,732	413,700	...
{ Jails	379,683	...	**379,683**	50,787	328,896	491,300	...
XVII.—Police	133,246	...	**133,246**	6,240	127,006	188,700	...
XVIII.—Ports and Pilotage	102,997	...	**102,997**	...	102,997	136,500	...
XIX.—Education	320,138	...	**320,138**	6,827	313,311	303,700	...
XXA.—Medical	92,634	292	**92,926**	1,500	91,426	105,600	300
XXB.—Sanitation	35,351	...	**35,351**	15,465	19,886	36,200	...
XXIA.—Agriculture	110,452	...	**110,452**	19,015	91,437	135,900	...
XXIB.—Scientific and Miscellaneous Departments	324,783	638	**325,421**	8,334	317,087	273,700	1,000
Total	1,934,434	930	**1,935,364**	136,586	1,798,778	2,085,300	1,300
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	174,582	38,074	**212,656**	133,668	78,988	184,000	39,600
XXIII.—Stationery and Printing	94,049	...	**94,049**	32,728	61,321	110,000	...
XXIV.—Exchange	3,145,186	...	**3,145,186**	3,145,186	...	4,266,700	...
XXV.—Miscellaneous	1,219,765	196,700	**1,416,465**	1,221,517	194,948	1,142,200	28,500
Total	4,633,582	234,774	**4,868,356**	4,533,099	335,257	5,702,900	68,100
Railways—							
XXVI.—State Railways (Gross Receipts)	45,840,227	107,294	**45,947,521**	45,938,406	9,115	51,033,300	20,600
Deduct—Working Expenses	*20,905,395*	...	*20,905,395*	*20,897,168*	*8,227*	*24,544,300*	...
Surplus profits paid to Companies, etc.	*994,404*	...	*994,404*	*994,404*	...	*1,266,600*	...
Net Receipts	23,940,428	107,294	**24,047,722**	24,046,834	888	25,222,400	20,600
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	23,517	70,469	**93,986**	93,986	...	10,100	94,300
Total	23,963,945	177,763	**24,141,708**	24,140,820	888	25,232,500	114,900
Irrigation—							
XXIX.—Major Works: Direct Receipts	2,990,581	...	**2,990,581**	1,271,404	1,719,177	3,132,560	...
Portion of Land Revenue due to Irrigation	1,768,895	...	**1,768,895**	962,721	806,174	1,937,300	...
XXX.—Minor Works and Navigation	304,403	...	**304,403**	116,777	187,626	332,400	...
Total	5,063,879	...	**5,063,879**	2,350,902	2,712,977	5,402,200	...
Other Public Works—							
XXXI.—Civil Works	323,599	...	**323,599**	59,033	264,566	331,900	...
Military Receipts—							
XXXII.—Army: Effective	938,982	244,600	**1,183,582**	1,183,582	...	967,200	233,200
Non-Effective	84,495	35,853	**120,348**	120,348	...	73,800	36,000
	1,023,477	280,453	**1,303,930**	1,303,930	...	1,041,000	269,200
XXXIII.—Marine	322,155	...	**322,155**	322,155	...	313,400	...
XXXIV.—Military Works	94,424	...	**94,424**	94,424	...	90,000	...
Total	1,440,056	280,453	**1,720,509**	1,720,509	...	1,444,400	269,200
Transfers between Imperial and Provincial Revenues	...	...	...	—1,557,500	+1,557,500	...	...
TOTAL REVENUE	110,613,301	2,049,046	**112,662,347**	79,137,235	33,525,112	118,235,400	3,265,100

India, in India and in England.

ESTIMATE, 1918-1919.				BUDGET ESTIMATE, 1919-1920.						
Total.	Distribution of Total between		Increase + Decrease — as compared with Budget Estimate, 1918-1919.	India.	England.	Total.	Distribution of Total between		Increase + Decrease — of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease — of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
20,945,500	10,035,700	10,909,800	—1,853,100	22,653,100	...	**22,653,100**	10,994,000	11,659,100	—145,500	+1,707,600
3,229,000	3,229,000	...	+37,200	3,056,200	...	**3,056,200**	3,056,200	...	—135,600	—172,800
4,176,300	4,176,300	...	+684,100	3,914,300	...	**3,914,300**	3,914,300	...	+422,100	—262,000
5,896,500	3,008,900	2,887,600	—41,500	6,097,100	...	**6,097,100**	3,112,400	2,984,700	+159,100	+200,600
11,541,300	3,185,500	8,355,800	+894,300	12,133,300	...	**12,133,300**	3,362,700	8,770,600	+1,486,300	+592,000
29,600	100	29,500	+400	34,600	...	**34,600**	100	34,500	+5,400	+5,000
12,603,200	12,603,200	...	+1,788,800	13,352,400	...	**13,352,400**	13,352,400	...	+2,538,000	+749,200
7,300,900	4,848,300	2,452,600	+967,700	13,521,500	...	**13,521,500**	11,207,700	2,313,800	+7,188,300	+6,220,600
2,910,800	156,600	2,754,200	+226,500	3,352,800	...	**3,352,800**	185,700	3,167,100	+668,500	+442,000
553,300	7,700	545,600	+10,700	568,200	...	**568,200**	7,500	560,700	+25,600	+14,900
600,900	600,900	...	—13,700	613,300	...	**613,300**	613,300	...	—1,300	+12,400
69,787,300	41,852,200	27,935,100	+2,701,400	79,296,800	...	**79,296,800**	49,806,300	29,490,500	+12,210,900	+9,509,500
4,020,800	3,749,900	270,900	+468,200	1,260,900	2,376,500	**3,637,400**	3,299,000	338,400	+84,800	—383,400
5,322,900	5,322,900	...	+540,100	5,623,600	93,200	**5,716,800**	5,716,800	...	+934,000	+393,900
1,716,800	1,716,800	...	+1,340,800	1,303,200	...	**1,303,200**	1,303,200	...	+927,200	—413,600
413,700	22,000	391,700	—26,900	436,300	...	**436,300**	21,000	415,300	—4,300	+22,600
491,300	85,200	406,100	+105,100	413,600	...	**413,600**	84,500	329,100	+27,400	—77,700
188,700	6,200	182,500	+15,700	128,600	...	**128,600**	6,200	122,400	—44,400	—60,100
136,500	...	136,500	+27,600	125,500	...	**125,500**	...	125,500	+16,600	—11,000
303,700	6,800	296,900	—9,100	324,500	...	**324,500**	7,600	316,900	+11,700	+20,800
105,900	1,400	104,500	+8,400	104,500	300	**104,800**	1,400	103,400	+7,300	—1,100
36,200	10,000	26,200	+6,900	33,100	...	**33,100**	11,100	22,000	+3,800	—3,100
135,900	19,200	116,700	—6,400	165,100	...	**165,100**	19,500	145,600	+22,800	+29,200
274,700	14,800	259,900	+9,200	225,100	900	**226,000**	8,100	217,900	—39,500	—48,700
2,086,600	165,600	1,921,000	+130,500	1,956,300	1,200	**1,957,500**	159,400	1,798,100	+1,400	—129,100
223,600	135,000	88,600	+9,200	182,500	41,400	**223,900**	138,200	85,700	+9,500	+300
110,000	49,100	60,900	+16,900	104,500	...	**104,500**	44,000	60,500	+11,400	—5,500
4,266,700	4,266,700	...	+4,266,700	1,066,700	...	**1,066,700**	1,066,700	...	+1,066,700	—3,200,000
1,170,700	940,200	230,500	+183,000	1,078,600	33,700	**1,112,300**	909,500	202,800	+124,600	—58,400
5,771,000	5,391,000	380,000	+4,475,800	2,432,300	75,100	**2,507,400**	2,158,400	349,000	+1,212,200	—3,263,600
51,053,900	51,045,200	8,700	+4,053,400	53,333,300	48,600	**53,381,900**	53,371,900	10,000	+6,381,400	+2,328,000
24,544,300	*24,536,200*	*8,100*	—1,500,000	*30,933,400*	...	*30,933,400*	*30,924,700*	*8,700*	—7,889,100	—6,389,100
1,266,600	*1,266,600*	....	—200,000	*1,226,600*	...	*1,226,600*	*1,226,600*	...	—160,000	+40,000
25,243,000	25,242,400	600	+2,353,400	21,173,300	48,600	**21,221,900**	21,220,600	1,300	—1,667,700	—4,021,100
104,400	104,400	...	+10,300	10,000	141,000	**151,000**	151,000	...	+56,900	+46,600
25,347,400	25,346,800	600	+2,363,700	21,183,300	189,600	**21,372,900**	21,371,600	1,300	—1,610,800	—3,974,500
3,132,500	1,355,100	1,777,400	+40,000	3,213,600	...	**3,213,600**	1,409,400	1,804,200	+121,100	+81,100
1,937,300	1,049,100	888,200	+15,900	1,959,000	...	**1,959,000**	1,061,000	898,000	+37,600	+21,700
332,400	114,800	217,600	+25,900	326,000	...	**326,000**	118,700	207,300	+19,500	—6,400
5,402,200	2,519,000	2,883,200	+81,800	5,498,600	...	**5,498,600**	2,589,100	2,909,500	+178,200	+96,400
331,900	53,900	278,000	+27,000	312,900	...	**312,900**	53,000	259,900	+8,000	—19,000
1,200,400	1,200,400	...	+177,600	855,900	238,500	**1,094,400**	1,094,400	...	+71,600	—106,000
109,800	109,800	...	—11,500	73,900	36,000	**109,900**	109,900	...	—11,400	+100
1,310,200	1,310,200	...	+166,100	929,800	274,500	**1,204,300**	1,204,300	...	+60,200	—105,900
313,400	313,400	...	+4,800	299,000	...	**299,000**	299,000	...	—9,600	—14,400
90,000	90,000	...	+10,000	84,000	...	**84,000**	84,000	...	+4,000	—6,000
1,713,600	1,713,600	...	+180,900	1,312,800	274,500	**1,587,300**	1,587,300	...	+54,600	—126,300
...	—2,257,800	+2,257,300	...	...	...	...	—1,818,700	+1,818,700	...	...
121,500,500	85,573,900	35,926,600	+12,310,200	120,180,700	3,010,100	**123,190,800**	86,225,400	36,965,400	+14,000,500	+1,690,300

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918. India.	England.	Total.	Distribution of Total between Imperial.	Provincial.	REVISED India.	England.
Direct Demands on the Revenues—	£	£	£	£	£	£	£
1.—Refunds and Drawbacks	587,922	...	**587,922**	455,890	132,032	1,248,500	...
2.—Assignments and Compensations	1,279,208	...	**1,279,208**	584,854	694,354	1,271,400	...
Charges in respect of Collection, *viz.* :—							
3.—Land Revenue	3,780,124	2,152	**3,782,276**	273,255	3,509,021	4,105,900	1,300
4.—Opium (including cost of Production)	1,107,387	1,395	**1,108,782**	1,108,782	...	1,336,600	600
5.—Salt (including cost of Production)	427,072	385	**427,457**	427,457	...	566,600	2,100
6.—Stamps	61,609	114,713	**176,322**	97,771	78,551	65,300	145,000
7.—Excise	484,316	232	**484,548**	146,174	338,374	536,000	400
9.—Customs	285,022	254	**285,276**	285,276	...	307,200	100
10.—Income Tax	42,518	...	**42,518**	21,703	20,815	57,700	...
11.—Forest	1,410,470	572	**1,411,042**	83,549	1,327,493	1,741,100	1,600
12.—Registration	269,344	...	**269,344**	2,027	267,317	289,200	...
Total	9,734,992	119,703	**9,854,695**	3,436,738	6,367,957	11,525,500	151,100
Interest—							
13.—Interest on Debt	6,231,088	9,938,905	**16,169,993**	15,222,293	947,700	8,133,300	8,400,600
Deduct—Amounts chargeable to Railways†	*4,502,528*	*3,652,953*	***8,155,481***	*8,155,481*	...	*4,650,800*	*3,636,600*
„ Amounts chargeable to Irrigation	*1,391,180*	*124,415*	***1,515,595***	*779,811*	*735,784*	*1,415,700*	*124,500*
Remainder chargeable on Ordinary Debt	337,380	6,161,537	**6,498,917**	6,287,001	211,916	2,066,800	4,639,500
14.—Interest on other obligations	829,252	...	**829,252**	829,252	...	1,026,900	...
Total	1,166,632	6,161,537	**7,328,169**	7,116,253	211,916	3,093,700	4,639,500
15.—Posts and Telegraphs	3,286,364	281,366	**3,567,730**	3,567,730	...	3,761,300	355,200
17.—Mint	146,488	20,894	**167,382**	167,382	...	225,000	42,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,723,071	441,845	**2,164,916**	1,229,502	935,414	1,760,400	674,800
19.—Law and Justice Courts	3,319,995	787	**3,320,782**	79,538	3,241,244	3,439,200	1,300
Jails	1,149,293	28	**1,149,321**	172,620	976,701	1,325,100	...
20.—Police	5,616,751	336	**5,617,087**	334,481	5,282,606	5,991,500	1,400
21.—Ports and Pilotage	196,878	...	**196,878**	...	196,878	206,500	...
22.—Education	3,383,097	11,577	**3,394,674**	123,305	3,271,369	3,958,400	14,800
23.—Ecclesiastical	132,389	281	**132,670**	132,670	...	139,100	800
24A.—Medical	962,243	553	**962,796**	83,171	879,625	1,051,500	134,100
24B.—Sanitation	607,879	1,263	**609,142**	67,372	541,770	687,400	1,500
25.—Political	2,050,157	42,112	**2,092,269**	1,908,022	184,247	3,568,800	21,700
26A.—Agriculture	699,623	2,510	**702,133**	82,099	620,034	818,500	6,400
26B.—Scientific and Miscellaneous Departments	469,333	43,367	**512,700**	320,581	192,119	627,300	44,300
Total	20,310,709	544,659	**20,855,368**	4,533,361	16,322,007	23,573,700	901,100
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	189,843	10,430	**200,273**	200,273	...	194,200	—7,600
28.—Civil Furlough and Absentee Allowances	1,962	180,502	**182,464**	182,464	...	3,800	142,000
29.—Superannuation Allowances and Pensions	1,516,597	1,968,596	**3,485,193**	2,091,991	1,393,202	1,593,500	1,967,000
30.—Stationery and Printing	824,053	128,152	**952,205**	438,513	513,692	957,400	125,200
32.—Miscellaneous	601,858	496,714	**1,098,572**	809,442	289,130	708,200	447,000
Total	3,134,313	2,784,394	**5,918,707**	3,722,683	2,196,024	3,457,100	2,673,600
Famine Relief and Insurance—							
33.—Famine Relief	3,765	...	**3,765**	2,832	933	544,300	...
34.—Construction of Protective Railways	—20	...	**—20**	—20	...	—300	...
35.—Construction of Protective Irrigation Works	342,960	1,489	**344,449**	344,449	...	319,600	1,000
36.—Reduction or Avoidance of Debt	651,806	...	**651,806**	651,806	...	135,400	...
Total	998,511	1,489	**1,000,000**	999,067	933	999,000	1,000
Carried over	38,778,009	9,914,042	**48,692,051**	23,593,214	25,098,837	46,635,300	8,763,500

	ACCOUNTS, 1917-1918. India.	England.	Total.	REVISED ESTIMATE, 1918-1919. India.	England.	Total.
†Included under the following heads :—	£	£	£	£	£	£
State Railways—Interest on Debt	4,485,506	3,571,703	**8,057,209**	4,629,700	3,555,400	**8,185,100**
Ditto —Interest chargeable against Companies on Advances	17,022	81,250	**98,272**	21,100	81,200	**102,300**
Total	4,502,528	3,652,953	**8,155,481**	4,650,800	3,636,600	**8,287,400**

Revenues of India, in India and in England.

ESTIMATE, 1918-1919.			Increase + Decrease − as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease − of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease − of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
1,248,500	1,105,500	143,000	+731,800	693,200	...	**693,200**	517,100	176,100	+176,500	−555,300
1,271,400	544,400	727,000	−53,600	1,296,100	...	**1,296,100**	572,100	724,000	−28,900	+24,700
4,107,200	284,500	3,822,700	+85,000	4,150,700	1,600	**4,152,300**	286,300	3,866,000	+130,100	+45,100
1,337,200	1,337,200	...	+82,900	1,045,500	600	**1,046,100**	1,046,100	...	−208,200	−291,100
568,700	568,700	...	+72,100	613,700	1,000	**614,700**	614,700	...	+118,100	+46,000
210,300	131,200	79,100	+16,900	67,500	98,700	**166,200**	84,600	81,600	−27,200	−44,100
536,400	159,800	376,600	+19,300	570,600	100	**570,700**	169,000	401,700	+53,600	+34,300
307,300	307,300	...	+14,300	314,000	100	**314,100**	314,100	...	+21,100	+6,800
57,700	29,500	28,200	+6,200	85,200	...	**85,200**	43,400	41,800	+33,700	+27,500
1,742,700	129,400	1,613,300	+231,500	2,046,500	5,000	**2,051,500**	184,500	1,867,000	+540,300	+308,800
289,200	2,100	287,100	+15,400	303,200	...	**303,200**	2,100	301,100	+29,400	+14,000
11,676,600	4,599,600	7,077,000	+1,221,800	11,186,200	107,100	**11,293,300**	3,834,000	7,459,300	+838,500	−383,300
16,533,900	15,541,400	992,500	+264,400	8,920,000	7,819,900	**16,739,900**	15,672,800	1,067,100	+470,400	+206,000
8,287,400	*8,287,400*	...	−354,500	*4,859,000*	*3,699,600*	***8,558,600***	*8,558,600*	...	−625,700	−271,200
1,540,200	*796,600*	*743,600*	−70,900	*1,439,100*	*124,600*	***1,563,700***	*813,100*	*750,600*	−94,400	−23,500
6,706,300	6,457,400	248,900	−161,000	2,621,900	3,995,700	**6,617,600**	6,301,100	316,500	−249,700	−88,700
1,026,900	1,026,900	...	+109,900	1,145,900	...	**1,145,900**	1,145,900	...	+228,900	+119,000
7,733,200	7,484,300	248,900	−51,100	3,767,800	3,995,700	**7,763,500**	7,447,000	316,500	−20,800	+30,300
4,116,500	4,116,500	...	+185,100	3,921,400	658,800	**4,580,200**	4,580,200	...	+648,800	+463,700
267,000	267,000	...	+97,000	195,700	88,800	**284,500**	284,500	...	+114,500	+17,500
2,435,200	1,480,600	954,600	+171,700	1,758,900	592,400	**2,351,300**	1,388,900	962,400	+87,800	−83,900
3,440,500	80,500	3,360,000	+46,100	3,531,000	5,800	**3,536,800**	84,500	3,452,300	+142,400	+96,300
1,325,100	168,300	1,156,800	+171,400	1,247,100	...	**1,247,100**	170,600	1,076,500	+93,400	−78,000
5,992,900	341,700	5,651,200	+126,300	6,302,400	3,500	**6,305,900**	356,400	5,949,500	+439,300	+313,000
206,500	...	206,500	+5,600	219,600	...	**219,600**	...	219,600	+18,700	+13,100
3,973,200	148,900	3,824,300	−248,300	4,871,900	13,000	**4,884,900**	367,700	4,517,200	+663,400	+911,700
139,900	139,900	...	+3,100	145,500	900	**146,400**	146,400	...	+9,600	+6,500
1,185,600	221,600	964,000	+148,700	1,300,600	37,500	**1,338,100**	135,900	1,202,200	+301,200	+152,500
688,900	81,700	607,200	−93,100	955,700	1,500	**957,200**	144,000	813,200	+175,200	+268,300
3,590,500	3,382,500	208,000	+957,800	1,663,200	14,200	**1,677,400**	1,469,100	208,300	−955,300	−1,913,100
824,900	87,400	737,500	−17,900	1,010,600	5,400	**1,016,000**	96,900	919,100	+173,200	+191,100
671,600	321,200	350,400	+89,100	625,800	29,900	**655,700**	311,300	344,400	+23,200	−15,900
24,474,800	6,454,300	18,020,500	+1,310,500	23,632,300	704,100	**24,336,400**	4,671,700	19,664,700	+1,172,100	−138,400
186,600	186,600	...	−20,800	197,500	3,400	**200,900**	200,900	...	−6,500	+14,300
145,800	145,800	...	−49,500	2,300	300,000	**302,300**	302,300	...	+107,000	+156,500
3,560,500	2,098,600	1,461,900	−11,100	1,640,100	1,978,000	**3,618,100**	2,107,800	1,510,300	+46,500	+57,600
1,082,600	501,600	581,000	+130,700	846,600	138,300	**984,900**	394,600	590,300	+33,000	−97,700
1,155,200	735,900	419,300	+409,900	963,200	26,300	**1,009,500**	227,400	782,100	+264,200	−145,700
6,130,700	3,668,500	2,462,200	+459,200	3,669,700	2,446,000	**6,115,700**	3,283,000	2,882,700	+444,200	−15,000
544,300	413,800	130,500	+503,900	1,149,100	...	**1,149,100**	865,400	283,700	+1,108,700	+604,800
−300	−300	...	+200	...	...	...	...	...	+500	+300
320,600	320,600	...	−86,100	352,500	800	**353,300**	353,300	...	−53,400	+32,700
135,400	135,400	...	−418,000	...	...	...	...	...	−553,400	−135,400
1,000,000	869,500	130,500	...	1,501,600	800	**1,502,400**	1,218,700	283,700	+502,400	+502,400
55,398,800	27,459,700	27,939,100	+3,222,500	47,874,700	8,001,300	**55,876,000**	25,269,100	30,606,900	+3,699,700	+477,200

BUDGET ESTIMATE, 1919-1920.		
India.	England.	Total.
£	£	£
4,836,800	3,618,400	**8,455,200**
22,200	81,200	**103,400**
4,859,000	3,699,600	**8,558,600**

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918. India.	England.	Total.	Distribution of Total between Imperial.	Provincial.	REVISED India.	England.
	£	£	£	£	£	£	£
Brought forward	38,778,009	9,914,042	**48,692,051**	23,593,214	25,098,837	46,635,300	8,763,500
Railways—							
38.—State Railways: Interest on Debt	4,485,506	3,571,703	**8,057,209**	8,057,209	...	4,629,700	3,555,400
Annuities in purchase of Railways	...	3,357,623	**3,357,623**	3,357,623	...	...	3,357,600
Sinking Funds	...	333,477	**333,477**	333,477	...	...	242,800
Interest chargeable against Companies on Advances	17,022	81,250	**98,272**	98,272	...	21,100	81,200
Interest on Capital deposited by Companies	57,830	2,205,846	**2,263,676**	2,263,676	...	52,200	2,126,600
40.—Subsidised Companies: Land, etc.	64,062	...	**64,062**	63,388	674	24 000	...
41.—Miscellaneous Railway Expenditure	53,066	...	**53,066**	53,046	20	63,100	...
Total	4,677,486	9,549,899	**14,227,385**	14,226,691	694	4,790,400	9,363,600
Irrigation—							
42.—Major Works: Working Expenses	1,404,487	...	**1,404,487**	670,934	733,553	1,409,900	...
Interest on Debt	1,391,180	124,415	**1,515,595**	779,811	735,784	1,415,700	124,500
43.—Minor Works and Navigation	864,771	—15	**864,756**	253,352	611,404	1,038,100	100
Total	3,660,438	124,400	**3,784,838**	1,704,097	2,080,741	3,863,700	124,600
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	—766	...	**—766**	...	—766	6,100	...
45.—Civil Works	5,006,993	42,067	**5,049,060**	762,509	4,286,551	5,545,300	45,400
Total	5,006,227	42,067	**5,048,294**	762,509	4,285,785	5,551,400	45,400
Military Services—							
46.—Army: Effective	21,085,982	3,908.325	**24,994,307**	24,994,307	...	35 697,100	2,545,500
Non-Effective	974,792	2,124,805	**3,099,597**	3,099,597	...	1,066,000	2,511,400
	22.060,774	6,033,130	**28,093,904**	28,093,904	...	36,763,100	5,056,900
46A.—Marine	449.678	358,146	**807,824**	807.824	...	410,800	698 800
47.—Military Works	1,809.735	51.374	**1,861,109**	1,861.109	...	2,728,000	82,000
47A.—Special Defences (1902)	8,814	—8,001	**813**	813	...	...	...
Total	24,329,001	6,434,649	**30,763,650**	30.763,650	...	39,901,900	5,737,700
Total Expenditure, Imperial and Provincial	76,451,161	26,065,057	**102,516,218**	71,050,161	31,466,057	100,742,700	24,034,800
Add—Portion of Allotments to Provincial Governments not spent by them in the year	2,256,623	...	**2,256,623**	...	2,256,623	1,165,900	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	*197,568*	...	***197,568***	...	*197,568*	*92,300*	...
Total Expenditure charged to Revenue	78.510,216	26,065,057	**104,575,273**	71,050,161	33,525,112	101,816,300	24,034,800

	ACCOUNTS, 1917-1918. India.	England.	Total.
Capital Expenditure not charged to Revenue—	£	£	£
48.—State Railways	3,132,031	439,433	**3,571,464**
49.—Irrigation Works	372,528	463	**372,991**
Total	3,504,559	439,896	**3,944,455**
51.—Initial Expenditure on new Capital at Delhi	244,257	6.286	**250.543**
52.—India's Financial Contribution to the War	...	100,000,000	**100,000,000**

Revenues of India, in India and in England—*continued.*

ESTIMATE, 1918-1919.			Increase + Decrease − as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease − of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease − of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
55,398,800	27,459,700	27,939,100	+3,222,500	47,874,700	8,001 300	**55,876,000**	25,269,100	20,606,900	+3,699,700	+477,200
8,185,100	8,185,100	...	+350,800	4,836,800	3,618,400	**8,455,200**	8,455,200	...	+620,900	+270,100
3,357,600	3,357,600	...	...	...	3,357,600	**3,357,600**	3,357,600	...	...	...
242,800	242,800	...	...	...	255,500	**255,500**	255,500	...	+12,700	+12,700
102,300	102,300	...	+3,700	22,200	81,200	**103,400**	103,400	...	+4,800	+1,100
2,178,800	2,178,800	...	−9,900	53,100	2,113,400	**2,166,500**	2,166,500	...	−22,200	−12,300
24,000	23,300	700	−9,300	44,000	...	**44,000**	43,300	700	+10,700	+20,000
63,400	63,300	100	+35,700	86,700	...	**86,700**	86,600	100	+60,000	+23,300
14,154,000	14,153,200	800	+372,000	5,042,800	9,426,100	**14,468,900**	14,468,100	800	+686,900	+314,900
1,409,900	681,400	728,500	−59,100	1,422,400	...	**1,422,400**	694,200	728,200	−46,600	+12,500
1,540.200	796,600	743,600	+70,900	1,439,100	124,600	**1,563,700**	813,100	750,600	+94,400	+23,500
1,038,200	320,000	718,200	+47,800	1,089,300	...	**1,089,300**	340,400	748,900	+98,900	+51,100
3,988,300	1,793,000	2,190,300	+59,600	3,950,800	124,600	**4,075,400**	1,847,700	2,227,700	+146,700	+87,100
6,100	...	6,100	+5,400	5,100	...	**5,100**	...	5,100	+4,400	−1,000
5,590.700	874,000	4,716,700	−466,300	6,692,600	63,700	**6,756,300**	990,100	5,766,200	+699.300	+1,165,600
5,596,800	874,000	4,722,800	−460,900	6,697,700	63,700	**6,761,400**	990,100	5,771,300	+703,700	+1,164,600
38,242,600	38,242,600	...	+13,584,200	32,335,900	2,839,300	**35,175,200**	35,175,200	...	+10,516,800	−3,067,400
3,577,400	3,577,400	...	+444,900	1,191,400	3,363,100	**4,554,500**	4,554,500	...	+1,432,000	+977,100
41,820,000	41,820,000	...	+14,029,100	33,527,300	6,202,400	**39,729,700**	39,729,700	...	+11,938,800	−2,090,300
1,009,600	1,009,600	...	+49,300	416,000	815,600	**1,231,600**	1,231,600	...	+271,300	+222,000
2,810,000	2,810,000	...	+1,028,500	1,778,000	43,000	**1,821,000**	1,821,000	...	+39,500	−989,000
...	...	...	...	...	...	...	...	...	...	...
(a) **45,639,600**	45,639,600	...	+15,106,900	35,721,300	7,061,000	(a) **42,782,300**	42,782,300	...	+12,249,600	−2,857,300
124,777,500	89,924,500	34,853,000	+18,300,100	99,287,300	24,676,700	**123,964,000**	85,357,300	38,606,700	+17,486,600	−813,500
1,165,900	...	1,165,900	+593,300	11,500	...	**11,500**	...	11,500	−561,100	−1,154,400
92,300	...	*92,300*	+348,900	*1,652,800*	...	***1,652,800***	...	*1,652,800*	−1,211,600	−1,560,500
125,851,100	89,924,500	35,926,600	+19,242,300	97,646,000	24,676,700	**122,322,700**	85,357,300	36,965,400	+15,713,900	−3,528,400

REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
India.	England.	Total.	India.	England.	Total.
£	£	£	£	£	£
3,700,700	603,400	**4,304,100**	11,181,500	5,250,000	**16,431,500**
292,700	1,200	**293,900**	424,800	8,500	**433,300**
3,993,400	604,600	**4,598,000**	11,606,300	5,258,500	**16,864,800**
284,100	2,600	**286,700**	226,700	73,300	**300,000**
...	...	...	...	...	...

(a) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the military forces raised in India

C.—Statement of Receipts and Disbursements of the

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A) .	110,613,301	2,049,046	112,662,347	118,235,400	3,265,100	121,500,500	120,180,700	3,010,100	123,190,800
Excess of Revenue over Expenditure charged to Revenue			**8,087,074**			**-4,350,600**			**868,100**
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways .	—500,000	...	—500,000	...	...	...	...	...	...
Capital contributed by Indian States towards construction of State Railways . . .	100,000	...	100,000	...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments . . .	...	10,842	10,842	...	47,100	47,100	...	22,000	22,000
Net .			**0**			**0**			**0**
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital . . .	276,690	...	276,690	143,000	250,000	393,000	165,700	3,576,400	3,742 100
Net .			**0**			**0**			**165,700**
Permanent Debt Incurred—									
Sterling Debt—									
British Government 5 per cent. War loan, 1929-47	...	64,927,000		...	...		...	...	
Rupee Debt—									
Rupee Loan . . .	...	...		...	...		10,000,000	...	
5½ per cent. War Bonds 1925	...	...		2,645,600	...		1,000	...	
Ditto 1928	...	...		16,955,800	...		3,000	...	
5 per cent. War Loan 1929-47	7,622,561	...		600	...		...	...	
Total .	7,622,561	64,927,000	72,549,561	19,602,000		19,602,000	10,004,000	...	10,004,000
Net .			**69,239,218**			**0**			**724,000**
Temporary Debt Incurred—									
5½ per cent. War Bonds 1920	11,431,235	...		500	...		...	...	
Do. do. 1922	6,455,886	...		100	...		...	...	
Do. do. 1921	...	...		17,069,400	...		4,600	...	
Do. do. 1923	...	...		1,359,400	...		700	...	
Treasury Bills . . .	29,047,000	...		51,566,700	...		22,420,000	...	
Other Temporary Loans .	2,666,667	...		12,071,500	...		...	...	
Total .	49,600,788	...	49,600,788	82,067,600	...	82,067,600	22,425,300	...	22,425,300
Net .			**49,267,455**			**9,111,000**			**0**
Unfunded Debt—									
Post Office Cash Certificates	6,667,282	...		2,133,300	...		2,000,000	...	
Deposits of Service Funds .	86,954	59		85,500	...		85,000	...	
Savings Bank Deposits .	11,233,707	...		12,585,100	...		11,696,800	...	
Total .	17,987,943	59	17,988,002	14,803,900	...	14,803,900	13,781,800	...	13,781,800
Net .			**9,568,066**			**4,295,700**			**2,630,400**
Deposits and Advances—									
Balances of Provincial Allotments	2,256,623	...		1,165,900	...		11,500	...	
Appropriation for Reduction or Avoidance of Debt .	651,806	...		135,400	...		...	...	
Deposits of Local Funds—									
District Funds . .	5,606,816	...		5,937,400	...		5,787,600	...	
Other Funds . . .	1,187,271	...		1,283,900	...		1,243,300	...	
Deposits of Sinking Funds .	17,140	...		17,800	...		18,500	...	
Gold Standard Reserve .	888,268	33,585,292		270,000	31,778,500		...	39,303,800	
Paper Currency Reserve .	...	79,266,406		...	115,584,100		...	108,295,100	
Do. Depreciation Fund	...	1,222,580		...	790,500		...	251,700	
Depreciation Fund for War Loan (1929-47) . .	276,667	...		273,300	...		273,400	...	
Special Reserve . .	...	...		...	22,797,900		...	6,940,000	
Deposit Account with the United States of America.	...	...		39,173,800	...		3,379,300	...	
Departmental and Judicial Deposits . . .	40,669,674	...		39,725,400	...		38,440,000	...	
Advances . . .	8,598,320	2,472,769		18,013,600	1,959,300		9,324,900	432,200	
Suspense Accounts . .	157,790	...		421,100	...		13,205,600	...	
Miscellaneous . . .	2,607,987	742,931		411,100	1,169,900		300,000	828,500	
Total .	62,918,362	117,289,978	180,208,340	106,828,700	174,080,200	280,908,900	71,984,100	156,051,300	228,035,400
Net .			**0**			**2,081,600**			**19,229,200**
Carried over .	248,619,645	184,276,925		341,680,600	177,642,400		238,541,600	162,659,800	

Government of India, in India and in England.

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	76,451,161	26,065,057	102,516,218	100,742,700	24,034,800	124,777,500	99,287,300	24,676,700	123,964,000
Add—Provincial Surpluses transferred to "Deposits"	2,256,623	...	2,256,623	1,165,900	...	1,165,900	11,500	...	11,500
Deduct—Provincial Deficits charged to "Deposits"	*197,568*	...	*197,568*	*92,300*	...	*92,300*	*1,652,800*	...	*1,652,800*
Total	78,510,216	26,065,057	104,575,273	101,816,300	24,034,800	125,851,100	97,646,000	24,676,700	122,322,700
Railway, Irrigation, and other Capital not charged to Revenue—									
Outlay on Irrigation Works	372,528	463	372,991	292,700	1,200	293,900	424,800	8,500	433,300
Outlay on State Railways	3,132,031	439,433	3,571,464	3,700,700	603,400	4,304,100	11,181,500	5,250,000	16,431,500
Initial expenditure on new Capital at Delhi	244,257	6,286	250,543	284,100	2,600	286,700	226,700	73,300	300,000
India's Financial Contribution to the War	...	100,000,000	100,000,000	...	...	...	...	...	...
Outlay of Railway Companies—									
Payments for Capital Outlay	—993,542	310,240	—683,302	—298,200	606,300	308,100	—1,811,700	3,272,000	1,460,300
Net			**—694,144**			**261,000**			**1,438,300**
Raised and deposited by Railway Companies—									
Payments for Discharge of Debentures	...	1,082,500	1,082,500	...	1,594,900	1,594,900	...	3,576,400	3,576,400
Net			**805,810**			**1,201,900**			**0**
Permanent Debt Discharged—									
Sterling Debt—									
British Government 5 per cent. War Loan, 1929-47	...	...		...	33,415,000		...	8,900,000	
India Bonds	...	500,000		...	500,000		...	...	
India 4 p. c. Stock	...	163		...	...		...	...	
Rupee Debt—									
5 per cent. War Loan	278,547	...		330,000	...		293,300	...	
4 p. c. Loans	420,420	...		83,900	...		80,000	...	
3½ p. c. Loans	2,021,430	...		79,000	...		...	...	
3 p. c. Loan	94,763	...		14,000	...		6,700	...	
Provincial debentures	20	...		...	...		...	...	
Total	2,810,180	500,163	3,310,343	506,900	33,915,000	34,421,900	380,000	8,900,000	9,280,600
Net			**0**			**14,819,900**			**0**
Temporary Debt Discharged—									
War Bonds, 1920	...	...		2,700	...		...	...	
Ditto 1922	...	...		22,500	...		...	...	
Treasury Bills	...	...		58,193,300	...		30,420,000	...	
Other Temporary Loans	333,333	...		14,738,100	...		...	...	
Total	333,333	...	333,333	72,956,600	...	72,956,600	30,420,000	...	30,420,000
Net			**0**			**0**			**7,994,700**
Unfunded Debt—									
Post Office Cash Certificates	744,313	...		2,546,600	...		2,000,000	...	
Special Loans	220	...		4,000	...		200	...	
Deposits of Service Funds	96,349	...		99,500	...		99,600	...	
Savings Bank Deposits	7,579,054	...		7,858,100	...		9,051,600	...	
Total	8,419,936	...	8,419,936	10,508,200	...	10,508,200	11,151,400	...	11,151,400
Net			**0**			**0**			**0**
Deposits and Advances—									
Balances of Provincial Allotments	197,568	...		92,300	...		1,652,800	...	
Deposits of Local Funds—									
District Funds	5,680,642	...		5,795,400	...		5,796,600	...	
Other Funds	1,156,951	...		1,246,600	...		1,201,500	...	
Gold Standard Reserve	1,339,686	33,586,249		...	31,778,900		...	39,303,800	
Paper Currency Reserve	...	79,266,406		...	115,584,100		...	108,295,100	
Do. Depreciation Fund	...	1,222,569		...	790,500		...	251,700	
Depreciation Fund for War Loan (1929-47)	256,557	...		293,400	...		273,400	...	
Special Reserve	...	20,000,309		...	9,737,600		...	...	
Deposit Account with the United States of America	2,533,084	...		39,020,000	...		1,000,000	...	
Departmental and Judicial Deposits	39,709,033	...		38,402,100	...		40,871,200	...	
Advances	9,099,831	2,496,200		17,612,300	2,333,400		9,235,800	912,000	
Suspense Accounts	9,308,748	...		15,552,800	...		1,700	...	
Miscellaneous	110,064	543,188		300	587,600		...	510,600	
Total	69,392,164	137,114,921	206,507,085	118,015,200	160,812,100	278,827,300	59,533,000	149,273,200	208,806,200
Net			**26,298,745**			**0**			**0**
Carried over	162,221,103	265,519,063		307,782,500	221,570,300		209,151,700	195,030,100	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	248,619,645	184,276,925		341,680,600	177,642,400		238,541,600	162,659,800	
Loans and Advances by Imperial Government	333,571	...	333,571	898,900	...	898,900	192,200	...	192,200
Net .			**0**			**0**			**0**
Loans and Advances by Provincial Governments . .	1,130,621	...	1,130,621	970,000	...	970,000	1,804,200	...	1,804,200
Net .			**528,737**			**0**			**0**
Loans to Local Boards for Railway Construction . .	41,732	...	41,732	17,300	...	17,300	9,000	...	9,000
Net .			**0**			**17,300**			**9,000**
Remittances—									
In and Money Orders .	50,414,221	...		51,200,000	...		52,666,700	...	
Other Local Remittances .	225,834	...		16,342,300	...		8,582,600	...	
Other Departmental Accounts . . .	43,384	...		3,000	...		4,100	...	
Net Receipts by Civil Treasuries from—									
Railways . . .	20,566,423	...		20,133,300	...		19,456,300	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs .	8,389,271	...		5,076,900	...		1,728,600	...	
Marine . . .	7,785,456	...		5,008,300	...		4,246,400	...	
Military Works . .	3,878,224	...		4,624,700	...		593,200	...	
Military . . .	72,662,471	...		106,861,100	...		50,053,700	...	
Remittance Account between England and India—									
Transfers through Currency .	...	3,000,000		6,333,300	...		...	...	
Purchase of Silver . .	12,939,900	...		43,166,700	...		13,800,000	...	
War Office transactions .	34,499,546	68,780,995		9,913,000	92,546,000		1,450,000	40,650,000	
Railway transactions . .	942,234	39,932		1,009,800	22,700		9,148,600	517,000	
Other „ . .	6,431,780	17,251,344		9,331,300	17,243,800		8,870,300	6,763,000	
Total .	218,778,742	89,072,271	307,851,013	279,003,700	109,812,500	388,816,200	171,000,500	47,930,000	218,930,500
Net .			**0**			**4,342,200**			**4,140,800**
Secretary of State's Bills drawn . .	...	(a) 24,799,964	24,799,964	...	(c) 6,599,200	6,599,200	...	10,250,000	10,250,000
Sterling Transfers on London . . .	...	...	...	5,425,000	...	5,425,000	...	...	...
Total Receipts . .	468,904,311	298,149,160		627,995,500	294,054,100		411,547,500	220,839,800	
Opening Balance . .	15,293,216	(b) 11,391,993		15,325,177	(d) 16,625,416		9,963,677	(e) 13,475,316	
GRAND TOTAL .	484,197,527	309,541,153		643,320,677	310,679,516		421,511,177	234,315,116	

(a) In addition to £1,422,746 and £8,657,972 on account of the Gold Standard Reserve and the Paper Currency Reserve, respectively.
(c) In addition to £14,347,100 on account of the Paper Currency Reserve.
(e) Of this amount £6,000,099 represents the Funds of the Gold Standard Reserve.

Delhi,
Finance Department,
March 1, 1919.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Government of India, in India and in England—*continued.*

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	162,221,103	265,519,063		307,782,500	221,570,300		209,151,700	195,030,100	
Loans and Advances by Imperial Government .	386,195	...	386,195	966,900	...	966,900	251,700	...	251,700
Net .			52,624			68,000			59,500
Loans and Advances by Provincial Governments .	601,884	...	601,884	2,237,100	...	2,237,100	2,564,300	...	2,564,300
Net .			0			1,267,100			760,100
Loans to Local Boards for Railway Construction.	42,000	...	42,000	...	...	...	...	...	...
Net .			268			0			0
Remittances—									
Inland Money Orders .	50,057,293	...		51,033,300	...		52,666,700	...	
Other Local Remittances	...	...		16,343,100	...		8,582,600	...	
Other Departmental Accounts . . .	281	...		3,000	...		4,100	...	
Net Payments into Civil Treasuries by—									
Railways . . .	20,650,742	...		20,162,200	...		19,456,300	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs .	8,380,858	...		5,076,900	...		1,728,600	...	
Marine . . .	7,473,516	...		5,348,300	...		4,246,400	...	
Military Works . .	3,902,534	...		4,624,700	...		693,200	...	
Military . . .	72,189,385	...		107,461,200	...		50,053,700	...	
Remittance Account between England and India—									
Transfers through Currency . .	3,000,000	...		...	6,333,300		...	...	
Purchase of Silver .	2,000	13,492,012		...	44,000,000		..	11,000,000	
War Office transactions	96,561,733	6,786,697		86,413,000	10,116,000		40,450,000	1,650,000	
Railway transactions .	8,544	973,622		...	1,032,500		...	10,065,700	
Other „ .	18,609,197	6,144,343		17,799,400	8,727,100		9,049,800	5,242,700	
Total .	280,836,083	27,396,674	308,232,762	314,265,100	70,208,900	384,474,000	186,831,400	27,958,300	214,789,700
Net			381,749			0			0
Secretary of State's Bills paid . .	(a) 24,785,080	...	24,785,080	(c) 8,105,400	...	8,105,400	10,250,000	...	10,250,000
Sterling Transfers on London .	...	...	...	...	5,425,000	5,425,000	...	...	...
Total Disbursements .	468,872,350	292,915,737		633,357,000	297,204,200		409,049,100	222,988,400	
Closing Balance .	15,325,177	(d) 16,625,416		9,963,677	(e) 13,475,316		12,462,077	(e) 11,326,716	
GRAND TOTAL .	484,197,527	309,541,153		643,320,677	310,679,516		421,511,177	234,315,116	

(*b*) Of this amount £6,001,456 represents the funds of the Gold Standard Reserve.
(*d*) Of this amount £6,000,499 represents the funds of the Gold Standard Reserve.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1917-18.	Revised, 1918-19.	Budget, 1919-20.
	R	R	R
Madras—			
Balance on April 1st	1,52,37,920	2,01,08,000	1,96,59,000
Special grants from Imperial revenues	28,51,000	40,50,000	34,50,000
Other revenue	8,05,48,980	8,09,90,000	8,51,18,000
Total Revenue including transfers from Imperial revenues	8,34,29,980	8,50,40,000	8,85,68,000
Total Expenditure	7,85,59,463	8,54,89,000	9,60,68,000
Closing Balance	2,01,08,437	1,96,59,000	1,21,59,000
Bombay—			
Balance on April 1st	2,71,28,600	3,31,96,000	4,61,26,000
Special grants from Imperial revenues	25,56,200	31,49,000	27,30,000
Other revenue	8,61,64,747	9,49,70,000	10,10,97,000
Total Revenue including transfers from Imperial revenues	8,87,20,947	9,81,19,000	10,38,27,000
Total Expenditure	7,66,53,239	9,11,89,000	10,36,55,000
Closing Balance	3,91,96,308	4,61,26,000	4,62,98,000
Bengal—			
Balance on April 1st	3,39,64,039	3,67,64,000	3,66,02,000
Special grants from Imperial revenues	45,15,225	51,49,000	48,69,000
Other revenue	6,41,52,575	6,73,58,000	6,78,14,000
Total Revenue including transfers from Imperial revenues	6,86,67,800	7,25,07,000	7,26,83,000
Total Expenditure	6,58,67,166	7,26,69,000	7,70,62,000
Closing Balance	3,67,64,673	3,66,02,000	3,22,23,000
United Provinces—			
Balance on April 1st	1,92,43,564	2,45,24,000	2,58,66,000
Special grants from Imperial revenues	34,41,500	39,62,000	29,17,000
Other revenue	6,96,20,412	7,27,42,000	7,81,86,000
Total Revenue including transfers from Imperial revenues	7,30,61,912	7,67,04,000	8,11,03,000
Total Expenditure	6,77,81,830	7,53,62,000	8,53,56,000
Closing Balance	2,45,23,646	2,58,66,000	2,16,13,000
Punjab—			
Balance on April 1st	1,22,74,795	1,94,52,000	2,23,35,000
Special grants from Imperial revenues	28,70,400	23,99,000	17,55,000
Other revenue	5,21,59,792	5,36,82,000	5,70,95,000
Total Revenue including transfers from Imperial revenues	5,50,30,192	5,60,81,000	5,88,50,000
Total Expenditure	4,78,53,406	5,31,98,000	6,02,28,000
Closing Balance	1,94,51,581	2,23,35,000	2,09,57,000
Burma—			
Balance on April 1st	1,17,79,863	95,12,000	1,42,54,000
Special grants from Imperial revenues	12,93,800	18,94,000	14,44,000
Other revenue	5,42,64,889	6,40,30,000	6,24,56,000
Total Revenue including transfers from Imperial revenues	5,55,58,689	6,59,24,000	6,39,00,000
Total Expenditure	5,78,27,000	6,11,82,000	6,63,50,000
Closing Balance	95,11,552	1,42,54,000	1,18,04,000
Bihar and Orissa—			
Balance on April 1st	1,48,00,950	1,41,06,000	1,45,04,000
Special grants from Imperial revenues	18,80,775	25,40,000	20,99,000
Other revenue	3,04,34,878	3,28,50,000	3,25,89,000
Total Revenue including transfers from Imperial revenues	3,23,15,653	3,53,90,000	3,46,88,000
Total Expenditure	3,30,10,769	3,49,92,000	3,76,52,000
Closing Balance	1,41,05,734	1,45,04,000	1,15,40,000
Central Provinces—			
Balance on April 1st	1,26,35,273	1,36,77,000	1,29,04,000
Special grants from Imperial revenues	13,59,000	14,72,000	12,24,000
Other revenue	2,97,92,058	2,99,34,000	3,21,07,000
Total Revenue including transfers from Imperial revenues	3,11,51,058	3,14,06,000	3,33,31,000
Total Expenditure	3,01,08,755	3,21,79,000	3,50,98,000
Closing Balance	1,36,77,576	1,29,04,000	1,11,37,000
Assam—			
Balance on April 1st	21,20,213	27,32,000	39,25,000
Special grants from Imperial revenues	5,47,500	6,78,000	6,48,000
Other revenue	1,43,93,056	1,70,51,000	1,68,83,000
Total Revenue including transfers from Imperial revenues	1,49,40,556	1,77,29,000	1,75,31,000
Total Expenditure	1,43,29,235	1,65,36,000	1,76,31,000
Closing Balance	27,31,534	39,25,000	38,25,000
Total—			
Balance on April 1st	14,91,85,217	18,00,71,000	19,61,75,000
Special grants from Imperial revenues	2,13,45,300	2,52,93,000	2,11,36,000
Other revenue	48,15,31,387	51,36,07,000	53,33,45,000
Total Revenue including transfers from Imperial revenues	50,28,76,687	53,89,00,000	55,44,81,000
Total Expenditure	47,19,90,863	52,27,96,000	57,91,00,000
Closing Balance	18,00,71,041	19,61,75,000	17,15,56,000
Total (in sterling)—	£	£	£
Balance on April 1st	9,945,681	12,004,700	13,078,300
Special grants from Imperial revenues	1,423,020	1,686,200	1,409,100
Other revenue	32,102,092	34,240,400	35,556,300
Total Revenue including transfers from Imperial revenues	33,525,112	35,926,600	36,965,400
Total Expenditure	31,466,057	34,853,000	38,606,700
Closing Balance	12,004,736	13,078,300	11,437,000

M. F. GAUNTLETT,
Comptroller and Auditor General.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secy. to the Govt. of India.

DELHI,

FINANCE DEPARTMENT,
March 1, 1919.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED ESTIMATE, 1918-1919.		BUDGET ESTIMATE, 1919-1920.	
		EXPENDITURE.							
	Revenue.	Refunds and Assignments.	Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
Revenue Heads.	£	£	£	£	£	£	£	£	£
Principal Heads of Revenue — Land Revenue (excluding that due to Irrigation)	21,607,246	783,044	3,782,276	17,041,926		16,042,100		17,705,000	
Opium	3,078,903	3,576	1,108,782	1,966,545		1,888,200		2,006,500	
Salt	5,499,487	290,667	427,457	4,781,363		2,934,600		3,018,900	
Stamps	5,727,522	58,848	176,322	5,492,352		5,628,500		5,872,700	
Excise	10,161,706	104,311	484,548	9,572,847		10,878,500		11,407,800	
Provincial Rates	28,633	125	...	28,508		29,400		34,500	
Customs	11,036,588	348,065	285,276	10,403,247		11,757,900		12,660,900	
Income Tax	6,308,104	59,597	42,518	6,205,989		7,139,200		13,338,200	
Forest	2,731,284	11,540	1,411,042	1,308,702		1,155,700		1,289,300	
Registration	527,590	963	269,344	257,283		263,100		264,100	
Tributes	597,670	206,394	...	391,276		393,500		405,600	
TOTAL	67,304,733	1,867,130	7,987,565	57,450,038		58,110,700		68,003,500	
Total deduction from Revenue		9,854,695							
Expenditure Heads.									
Debt Services — Interest	2,170,108	7,328,169			5,158,061		3,712,400		4,126,100
Commercial Services — Posts and Telegraphs	4,616,690	3,567,730		1,048,960		1,206,400		1,136,600	
Railways	24,141,708	14,227,385		9,914,323		11,193,400		6,904,000	
Irrigation	5,063,879	3,784,838		1,279,041		1,413,900		1,423,200	
Other Public Works — Civil Works, etc.	323,599	5,048,294			4,724,695		5,264,900		6,448,500
Mint — Mint	517,401	167,382		350,019		1,449,800		1,018,700	
Civil Departments — Civil Departments	1,935,364	20,855,368			18,920,004		22,388,200		22,378,900
Miscellaneous Civil Services — Superannuation	212,656	3,485,193			3,272,537		3,336,900		3,394,200
Exchange	3,145,186	...		3,145,186		4,266,700		1,066,700	
Miscellaneous	1,416,465	1,098,572		317,893		15,500		102,800	
Other heads	94,049	1,334,942			1,240,893		1,305,000		1,383,600
Famine Relief and Insurance — Famine Relief	...	3,765			3,765		544,300		1,149,100
Other heads	...	996,235			996,235		455,700		353,300
Military Services — Army — Effective	1,183,582	24,994,307			23,810,725		37,042,200		34,080,800
Army — Non-effective	120,348	3,099,597			2,979,249		3,467,600		4,444,600
Marine	322,155	807,824			485,669		696,200		932,600
Military works	94,424	1,861,109			1,766,685		[c]2,720,000		1,737,000
Special Defences (1902)	...	813			813		...		...
TOTAL	112,662,347	102,516,218		10,146,129			3,277,000		773,200
Provincial Adjustment — Surplus	...	2,059,055			2,059,055		1,073,600	1,641,300	
Deficit	...	...							
TOTAL	112,662,347	104,575,273		8,087,074			4,350,600	868,100	
Surplus				8,087,074				868,100	
Deficit							4,350,600		
Capital Account — Railway, Irrigation and other Capital not charged to Revenue:—									
Capital raised through Companies towards outlay on State Railways				—500,000					
Capital contributed by Indian States towards construction of State Railways				100,000					
Capital raised and deposited by Railway Companies (net)					805,810		1,201,900	165,700	
Outlay on Irrigation Works					372,991		293,300		433,300
Outlay on State Railways					3,571,464		4,304,100		16,431,500
Initial outlay on new Capital at Delhi					250,543		286,700		300,000
India's Financial Contribution to the War					100,000,000				
Outlay of Railway Companies (net)					—694,144		261,000		1,438,300
Debt, Deposits, Advances, and Remittances — Permanent Debt (net)				69,239,218			14,819,900	724,000	
Temporary Debt (net)				49,267,455		9,111,000			7,994,700
Unfunded Debt (net)				9,568,066		4,295,700		2,630,400	
Loans and Advances by Imperial Government (net)					52,624		68,000		59,500
Loans and Advances by Provincial Governments (net)				528,737			1,267,100		760,100
Loans to Local Boards for Railway Construction (net)					268	17,300		9,000	
Deposits and Advances (net)					26,298,745	2,081,600		19,229,200	
Remittances (net)					381,749	4,342,200		4,140,800	
Secretary of State's Bills drawn				24,796,964		6,599,200		10,250,000	
Secretary of State's Bills paid					24,785,080		8,105,400		10,250,000
Sterling Transfers on London drawn						5,425,000			
Sterling Transfers on London paid							5,425,000		
				[a]91,090,514	155,825,130	31,872,000	40,383,600	38,017,200	37,667,400
Cash Balance — Opening Balance				26,685,209		31,950,593		23,438,993	
Closing Balance					31,950,593		23,438,993		23,788,793
TOTAL				187,775,723	187,775,723	63,822,593	63,822,593	61,456,193	61,456,193

M. F. GAUNTLETT,
Comptroller and Auditor General:

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 1, 1919.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Saturday, the 1st March, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 49 Members, of whom 41 were Additional Members.

FINANCIAL STATEMENT FOR 1919-1920.

The Hon'ble Sir James Meston:—"My Lord, the Financial Statement of this year, in spite of every effort to reduce its length, is still a very voluminous document, over 30 printed pages of close letter-press and figures; and as copies will very shortly be in the hands of Hon'ble Members I propose, with your Excellency's permission, instead of reciting the lengthy narrative here, to run through the chief features of the Budget and leave the Statement itself and its many appendices to be studied by Hon'ble Members at greater leisure. It is not an easy task to pick up the mantle which has fallen from such a master of Indian finance as was Sir William Meyer. His unique knowledge of the subject and his untiring industry enabled him to nurse the finances of the country through all the difficulties and novel situations of a great war; and he has left India stronger in its financial machinery and in its financial credit than at any previous time in its history. Sir William Meyer was almost the last of a school which went through a period of hard training in the days of the falling rupee when the struggles to make both ends meet were extremely bitter, and economies which would now be regarded as unspeakably sordid were the ordinary practice of the Finance Department. It is wholly unfair, my Lord, to speak of that school, as one hears it sometimes spoken of, as having been penurious and lacking in enterprise; there are very few of us to-day who realise how infinitely easier conditions are with us in the India of to-day and against what difficulties our predecessors had to strive to maintain the credit of the Indian Government in the money-markets of the world. It was their conservatism and their sense of duty which armed us to come through the last four years as we have done, and Sir William Meyer carried out to the last the stern financial traditions to which we owe so much.

"I propose now, my Lord, to take the Council through the main features of interest in the year which is drawing to a close; then to explain briefly the forecast for the next year, and finally to review, equally briefly I hope, our general financial situation. The current year has been a period of crisis and dramatic change. The first half of it was marked by great manufacturing energy, high prices and a great deal of diffused prosperity. When the year opened the long-threatened German offensive was developing in France, and India was called upon to redouble her efforts to provide men and munitions of war. Her response, as is known to this Council, was immediate. Recruiting made great strides, and under the guidance of our colleague, Sir Thomas Holland, the Munitions Board set to work in grim earnest in supplying the

Allies with material, military and otherwise, of which they stood in urgent need. This tale has been told elsewhere and I am not concerned to-day with anything except the purely financial aspects of it. Its financial consequences were derived from the great manufacturing activity of the period, the heavy exports of foodstuffs and every kind of article of national importance for which England and the Allies were indenting. The first consequence of these factors was a tremendous run on our currency resources to provide the money to pay for all this vigour of production. The second was a sharp upward movement in our revenues; the harvest of our railway returns had never been so rich; and the heavy sale of bills against our exports by the Secretary of State brought us lavish gains in exchange, for Sir William Meyer had cautiously refused to budget for anything better than a 1*s.* 4*d.* rupee, and large sums were being paid into our Home treasury at 1*s.* 5*d.* and 1*s.* 6*d.* It was not unnatural, therefore, that in September last, there were expectations of a record surplus. Then came the cessation of hostilities and the scene completely changed. Military activities could not of course be curtailed all at once, but private trade was very suddenly checked. Astute merchants who had been gambling on protracted fighting and a continuing rise in prices found all their calculations upset and Nemesis descended upon much unhealthy speculation, especially in the cloth and share markets of Bombay. By this time also it had unfortunately become evident that considerable areas in Bombay, the United Provinces and other parts of India would be unable to share in the general rejoicings about peace; for the monsoon had failed badly, scarcity was imminent, and at the most critical time a fierce epidemic of influenza attacked the whole country, took a very heavy toll of the rural masses, and seriously weakened the agricultural labour power. The withdrawal of military orders and the impending shortage of supplies combined to check exports. The Secretary of State issued no more Council drafts after October, and the whole financial position began to undergo the painful transition back to a healthier and saner state of affairs. There was at first a little, not wholly unnatural, depression at the suddenness of the change, but we know that it is very largely disappearing now, and it may be hoped that we shall succeed in getting back to a healthier plane of business and finance without serious dislocation. The immediate result, my Lord, is that we have not got a bumper surplus. Nevertheless we have done uncommonly well. If it had not been for the large donation towards the expenses of the war which was undertaken by this Council last September, we should probably have closed the current year with a revenue surplus of over £8 millions in place of the £2½ millions which Sir William Meyer had budgetted for. As the donation in question, that is, the payment for an extra 200,000 Indian troops and the acceptance of a corresponding pension charge, has cost us £12¾ millions this year, we shall really close with a deficit of about £4½ millions instead of a surplus of £8 millions;—revenue £85½ millions and expenditure about £90 millions. I am sure that if Sir William Meyer had foreseen this—it was quite impossible that he should do so—if he had foreseen it, he would probably have asked last year for the extra taxation which we are now seeking to impose. As it is, we must be content to take the deficit out of our cash balances, which only means that we shall have to borrow it directly or indirectly sooner or later.

"Well, my Lord, that is the story of the year which is now coming to an end. I need not weary the patience of the Council by discussing the figures in any detail, but pass on to the year which is before us. The year in front of us cannot possibly be a period more varied or full of surprises than that which is closing. Our trouble is that we cannot prophesy. We have no experience of the immediate sequels of a great war, either on the military or civil side of the administration. We cannot foretell the movement of prices in the next twelve months; and we have nothing to show what shipping will be available for our external trade. It follows, therefore, that the yields from our customs revenue, from railways, exchange and many other heads are all far more uncertain than they usually are. The Army in particular has a financial future which it is very difficult to forecast. All that we know is, that the scale of expenditure must be very much higher than in the pre-war peaceful days. The requirements of modern armament, of much more rapid and efficient transport, of the entirely new military art of fighting in the air, all these mean money. The huge aeroplane which we have seen hovering over Delhi in the last few days is a much costlier

instrument of war than its predecessors, just as the motor lorry means a good deal more than the old bullock or camel transport. We cannot resist taking our share in these developments; and I am all the more deeply indebted to His Excellency the Commander-in-Chief for the great consideration he has shown for our financial difficulties in stating his requirements for the next year. They have been placed at the very moderate figure of £30 millions; and I am sure it is only his unflinching determination to insist on economy that insures the adequacy of that figure. To it we have added £2½ millions as a special war bonus to British troops, which has just been sanctioned; the duration of this in our present exceptional circumstances it is quite impossible to foresee. We also have to add the next year's instalment of our official contribution to the expenses of the war which, as I mentioned the other day, comes to £8·7 millions; and thus we arrive at the total anticipated military expenditure of about £41¼ millions net. Military expenditure thus represents just a half of our total budget of outlay for next year. Seeing that we have practically no naval charges, this proportion certainly is nothing wonderful at a time like the present. It will, we hope, decline as the world returns to the paths of peace; but none of us can hope that our military charges will ever again drop to the old pre-war standard. Turning to the rest of our expenditure the Council will find a considerable reduction in our political charges, through the curtailment of expenditure which had to be incurred on and beyond our frontiers as a direct consequence of hostilities. In many other directions savings have been possible on a smaller scale. At the same time, we have had to face the inevitable rise in wages which materially affects Departments like the Posts and Telegraphs; and we have a considerable bill, though fortunately not nearly so heavy as it would have been without the recent winter rains, for famine relief. The chief rise in expenditure however is under our provision for renewing the permanent-way and the rolling stock of our railways. For that purpose we have allowed the very large figure of £6½ millions; and I am sure that my friend Sir Arthur Anderson would gladly have taken a good deal more if he could have it. There will be, on the part of no one in this Council, any disposition to contest a provision which the tension of recent years has now made absolutely necessary. To many of us it is a standing marvel that the railways have been able to do what they have done, with a wholly starvation allowance for even their barest necessities. The exigencies of war left the Railway Board with no option, and we ought cheerfully to assist them to the best of our power in recovering the ground that has been lost.

"There are of course many other items of interest in these elaborate statements, but the total result is to show that we require £85⅓ millions for the services of the year; or, if we exclude the second instalment of our special war contribution, £76⅔ millions. We have been able to make good the smaller sum; but without extra taxation, the higher figure was beyond us. For revenue we have taken liberal estimates, very liberal estimates; for example, we are estimating our gross receipts from railways at 80 crores, the highest figure of its kind which has ever yet been attempted. Under Customs, in spite of the possibility of falling prices, we have taken an increase even over this year's figures, and are putting up the total to 20 crores. This includes, I ought to note, the continuation of the special duty of 6 annas a gallon on motor spirit. As the Council are aware, this duty was imposed two years ago as a war measure, and has brought a very useful addition to our revenues. I have not heard that it has done any one any harm, and consequently I shall shortly ask the Council to accept legislation for its retention for the present at least. Under Mint and Exchange we cannot expect the same windfall as we enjoyed this year. Our recoveries from the War Office will be fewer and our Council Bills an uncertain quantity. There is also a heavy loss on our coinage to be still adjusted, for it must be remembered that we are turning out vast quantities of rupees at something less than what they cost us to manufacture. Under the head of income-tax there appears the only concession in this hard-hearted budget. It is the raising of the taxable minimum from Rs. 1,000 to Rs. 2,000 a year. With the hardship that we see all round us owing to the pressure of high prices on humble people with minute incomes, we feel that it is no longer possible to levy income-tax from assessees who draw less than

£100 a year ; and if we are going to establish a new minimum, there are great advantages in going up at once to Rs. 2,000. I will explain these in greater detail in asking for leave to introduce the necessary legislation.

" Omitting all the less interesting heads we arrive at a total estimate of revenue of £80 millions. It will be remembered that we set out to find £76⅔ millions, without the special contribution. This we have succeeded in doing with a considerable margin in hand. If we put aside somewhat under £1 million of this as a surplus, we are left with about £2⅔ millions towards the payment of our special war contribution of £8·7 millions. In other words we are still £6 millions short, and hence the necessity for our excess profits duty. As I explained the other day in Council, we hope that it will provide us with that sum net, after allowing for remissions of super-tax and income-tax, and after adequate deduction for depreciation and the other subsidiary allowances that may have to be made. I trust that this brief statement of our position, read with the figures which are being communicated to Hon'ble Members, will justify to the hilt the sheer necessity which has driven us to undertake a levy upon war profits.

" Our formal estimate thus stands at £86·2 millions for revenue, including the excess profits duty ; £85·4 millions for expenditure, and a surplus of £868,000. Those who lament the tightness of our revenue estimates will, I am sure, rejoice when they turn to the Capital Account and find the imposing figure which we propose to allot for railway developments. The biggest railway programme ever yet undertaken has been £12 millions ; the ideal figure, never yet attained, which Lord Inchcape's Committee pressed upon the Government of India seven or eight years ago, is £12½ millions. In recent years we have been down, I think, to four and five millions. For next year we propose no less a figure than £17¾ millions. I sincerely hope that this is the first augury of the coming expansion of India's commercial and industrial power. It is at any rate the first step that we can take to prepare the way for that advance. In order, however, to realise our hopes in this direction, I must warn the Council that we shall be dependent once more on a substantial loan. The conditions of the loan will be announced later, when we see how the money market is likely to receive it in the slack season. We shall be glad of all the money that we can get ; but, so far as can be estimated now, we shall require at least 15 crores, and that is the figure for which we are budgetting to balance our ways and means account. There have been suggestions that concerns affected by the excess profits duty will find great difficulty in subscribing for any part of our loan. I trust that this pessimism is unjustified ; and in any case I trust that our Victory Loan, as it may be described, will find friends enough in the country to prevent us from curtailing the generous programme of railway development which it is intended to finance.

" I now come to the third and last part of my story, a brief review of our general financial situation. Before embarking upon it, I would invite attention to the tale of our silver crisis last year. Very few would suspect the forbidding portals of the Finance Department of harbouring a romance—and yet the whole story of how Sir William Meyer and his trusty henchmen held the gate against inconvertibility and its attendant woes, and of how our old friend Sir James Brunyate fought our battle simultaneously in Washington—the whole story is as good as any romance. Since the days of classical mythology there has been nothing to equal the manner in which the United States descended on India in a shower of silver. To those like myself who were anxiously watching the situation from London, it seemed from week to week an utter impossibility that the Government of India could possibly escape from suspending specie payment ; and yet the feat was accomplished, and India owes no inconsiderable debt of gratitude to those whose skill and tenacity averted the misfortune. The crisis however has a lesson ; and that lesson is that we are on permanently unsafe ground until India learns to abandon its secular habit of hoarding money in unsettled times. India's reputation as the ' sink ' of the precious metals is an unhappy one ; and we all trust that in time she will outlive it. Meanwhile, Government cannot possibly go on meeting this insane demand for silver rupees, which disappear from circulation almost as

soon as they are minted, without serious effects on the world price of silver, already far too high for our comfort. There is absolutely no justification for the continuing panic which has drawn twelve hundred millions of rupees from our mints during the last four years, and unless it is checked, and the hoarded coins restored to circulation, we may be forced to reconsider the whole basis of our currency and exchange policy.

"The second uncomfortable feature in our financial position is the large quantity of floating obligations, directly due to the war, which we must redeem before we can go ahead with a generous programme of remunerative borrowing. We shall have to curtail our paper currency investment and to get rid of the troublesome discount upon our notes. We shall have to meet a considerable volume of short-term bonds, cash certificates and treasury bills which had issued since war began; and for the next few years we shall be hard put to it to pay off these liabilities and keep up the supply of revenue for our current requirements.

"However, my Lord, there is no possible reason for alarm. All that has happened in the past few years may well fill us with pride and hope. We know the splendid part that has been taken by all classes in meeting a great emergency. We are, in this Department, particularly indebted to the leaders of British commerce in the great centres and to the banks :—to the Presidency Banks for the lead that they have given in supporting our big loans, and to the great Exchange Banks for the cheerful and unselfish way in which they have accepted the inconvenient restraints that had to be laid upon trade and finance in the interests of Imperial defence. We look forward to a time of Industrial awakening; and we have enormous strength in our command of raw materials. Whatever inconveniences therefore there may be in store for us, owing to the temporary difficulties which I have mentioned, will be transient and can be largely mitigated by a determined policy of economy. With this I close these remarks and lay the Financial Statement before the Council. We have come through a really great emergency. Our position is strong and with care it should grow stronger still; but there is no margin for lavish expenditure. Among its many lessons, the war has taught us all, the State and the individual alike, that we can live less extravagantly than we used to do. I trust that the lesson has come to stay; for our old familiar watchword of Economy will be just as necessary in the future as it has ever been before."

MOTOR SPIRIT (DUTIES) AMENDMENT BILL.

The Hon'ble Sir James Meston:—"My Lord, in February 1917 this Council agreed to an excise and a customs duty of six annas a gallon on motor spirit. The proposal was defended at the time as being purely a war measure, and so it was then. But it has brought in a very soothing addition to our revenues. It brought in 25 lakhs last year, and we hope it will bring in 35 lakhs this year. In these hard-up days we cannot afford to sacrifice large sums like that, especially as I have not heard that this duty has done harm to any one, either manufacturer or private individual. We propose, therefore, to continue these duties for the present. The existing Act keeps them in force only for the period of the war and for six months thereafter; and what this Bill does is to remove that limitation and to allow the law to run on until we reach a financial position, which would justify us in abrogating it. I beg to move, my Lord, for leave to introduce the Bill to extend the operation of the Motor Spirit (Duties) Act, 1917."

The motion was put and agreed to.

The Hon'ble Sir James Meston:—"My Lord, I beg to introduce the Bill, and move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English."

The motion was put and agreed to.

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Hon'ble Sir James Meston :—"My Lord, this is the third and the last of the small fiscal measures which have to be presented to-day to the Council in order to give effect to the Budget proposals. This measure proposes to raise the minimum taxable income from Rs. 1,000 to Rs. 2,000. I do not think it requires very much defending, as it seems to most of us a simple act of humanity. There is no class that has been so badly hit by the enormous rise in the cost of living as people on small fixed incomes. The rich people can look after themselves, and the very poor have a good labour market and rising wages. But the small employé, the small trader, the small shop-keeper, is very hard hit indeed by the increase in prices that has been taking place in this country and everywhere else. Our grant to this class, if this measure is passed, will amount to probably close on 70 lakhs, or nearly half a million sterling. But for that expenditure there are two great counterbalancing advantages. One is that it relieves from payment 237,000 assessees out of the total number of our assessees which is only 380,000. It seems incredible but there it is, nearly two-thirds of our number of assessees fall into the lowest grade. The second advantage is, that we get rid of the summary procedure of assessment under Chapter III of the Act, which is exclusively for assessees of this class. I trust that this measure of relief to the petty tax-payer will meet with the sympathy of the Council.

"My Lord, I beg to move for leave to introduce a Bill to amend the Indian Income-tax Act, 1918."

The motion was put and agreed to.

The Hon'ble Sir James Meston :—"My Lord, I beg to introduce the Bill, and move that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English."

The Hon'ble Rao Bahadur B. N. Sarma :—"It is proper, my Lord, that, on behalf of the middle class of this country, the Government should be thanked for its generous act of justice and mercy."

The motion was put and agreed to.

The following Bill was introduced in the Indian Legislative Council on the 1st March, 1919 :—

No. 10 OF 1919.

A Bill to extend the operation of the Motor Spirit (Duties) Act, 1917.

WHEREAS it is expedient to extend the operation of the Motor Spirit (Duties) Act, 1917 ; It is hereby enacted as follows :— II of 1917.

Short title.

1. This Act may be called the Motor Spirit (Duties) Amendment Act, 1919.

Amendment of section 1 of Act II of 1917.

2. In section 1 of the Motor Spirit (Duties) Act, 1917, the word "and" at the end of sub-section (*2*) and the whole of sub-section (*3*) shall be omitted. II of 1917.

STATEMENT OF OBJECTS AND REASONS.

Act II of 1917 passed in February of that year provided for the imposition and levy of an excise and customs duty of six annas a gallom on motor spirit The duty was not imposed for the purpose of raising revenue, but as a war measure with the object of restricting consumption ; the term of the Act was therefore restricted to the continuance of the present war and a period of six months thereafter. The tax, though it originated in administrative necessities, has become a useful source of revenue, and the Government of India consider that it cannot conveniently be rescinded at a time when it is necessary to impose additional taxation. It is desirable, therefore, in view of the uncertainty of the exact date on which the Motor Spirit (Duties) Act of 1917 would otherwise automatically lapse, to undertake legislation for its continuance. It is proposed by the present Bill to effect this by removing from Act II of 1917 the duration clause.

JAS. S. MESTON.

DELHI,
The 5th February, 1919.

The following Bill was introduced in the Indian Legislative Council on the 1st March 1919 :—

No. 11 OF 1919.

A Bill to amend the Indian Income-tax Act, 1918.

WHEREAS it is expedient to amend the Indian Income-tax Act, 1918 ; It is hereby enacted as follows :— VII of 1918.

Short title and commencement.

1. (*1*) This Act may be called the Indian Income-tax (Amendment) Act, 1919.

(*2*) It shall come into force on the first day of April, 1919.

Amendment of section 14 of Act VII of 1918.

2. In the proviso to sub-section (*2*) of section 14 of the Indian Income-tax Act, 1918 (hereinafter referred to as the said Act), for the word "one" the word "two" shall be substituted. VII of 1918.

Amendment of section 18 of Act VII of 1918.

3. In sub-section (*4*) of section 18 of the said Act, for the figures, brackets and word "17 (*1*), (*2*) or (*3*)"; the figures, brackets and word "17 (*1*) or (*2*)" shall be substituted.

Substitution of new Schedule for Schedule I to Act VII of 1918.

4. For Schedule I to the said Act, the following Schedule shall be substituted, namely :—

"SCHEDULE I.

(*See section 14.*)

RATES OF TAX.

	Rate.
I.—When the taxable income is less than Rs. 2,000 . . .	*Nil.*
II.—When the taxable income is Rs. 2,000 or upwards, and	
(*i*) The total income is less than Rs. 5,000	Five pies in the rupee.
(*ii*) The total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(*iii*) The total income is Rs. 10,000 or upwards, but is less than Rs. 25,000.	Nine pies in the rupee.
(*iv*) The total income is Rs. 25,000 or upwards . . .	One anna in the rupee."

Substitution of new Schedule for Schedule II to Act VII of 1918.

5. For Schedule II to the said Act, the following Schedule shall be substituted, namely :—

"SCHEDULE II.

(*See section 37*).

RATES OF REFUND.

Amount.	Refund.
1. Less than Rs. 2,000.	One anna in the rupee.
2. Rs. 2,000 or upwards, but less than Rs. 5,000.	Seven pies in the rupee.
3. Rs. 5,000 or upwards, but less than Rs. 10,000.	Six pies in the rupee.
4. Rs. 10,000 or upwards, but less than Rs. 25,000.	Three pies in the rupee."

Repeals.

6. In the said Act, sub-section (*3*) of section 17, Chapter III, and in section 35 the words "or in a notice or order under section 30" are hereby repealed :

Provided that such repeal shall not affect the liability of any person to pay any sum due from him or any existing right of refund under the said Act.

STATEMENT OF OBJECTS AND REASONS.

THIS Bill proposes to amend the Indian Income-tax Act, 1918 (Act VII of 1918), by giving relief to persons with small incomes who have at the present time been seriously affected by the great rise in prices in recent years. With this object it is proposed to raise the minimum limit of taxable incomes from Rs. 1,000 to Rs. 2,000 per annum, with effect from the 1st April, 1919.

The exemption of incomes below Rs. 2,000 from tax will obviate the necessity for any summary assessment procedure. Clause 6 of the Bill, therefore, repeals the sections of the Income-tax Act, 1918, which deal with summary assessment.

DELHI ; JAS. S. MESTON.
The 18th February, 1919.

Notification No. 66, dated Delhi, the 13th December, 1918.

The Governor General has been pleased, under rule 23 of the Rules for the Conduct of the Legislative Business of the Council of the Governor General, to order the publication in the *Gazette of India* and in the local official Gazettes in English, of the following Bill, together with the Statement of Objects and Reasons relating thereto, and the Bill and Statement of Objects and Reasons are accordingly hereby published for general information :—

BILL NO. 25 OF 1918.

A Bill to impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses ; It is hereby enacted as follows :—

Short title and commencement.

1. (*1*) This Act may be called the Excess Profits Duty Act, 191 .

(*2*) It shall come into force on the 1st April 1919.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

"accounting period" means the twelve months ending on the 31st March, 1919, or if the accounts of the business have been made up within that twelve months for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that date ;

VII of 1918.

"business" includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture ;

"prescribed" means prescribed by rules made under this Act.

All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax Act, 1918.

VII of 1918.

Application of Act.

3. This Act shall apply to every business (other than the businesses specified in Schedule I) carried on in British India or owned or carried on in any place in India by persons ordinarily resident in British India during any part of the accounting period.

Imposition of excess profits duty.

4. Subject to the provisions of this Act, there shall be charged, levied and paid on the amount by which the profits arising in the accounting period, from any business to which this Act applies exceeded the standard profits, a duty (in this Act referred to as " excess profits duty ") of an amount equal to fifty per cent. of that excess :

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period to less than thirty thousand rupees.

Ascertainment of profits of accounting period.

5. The profits in the accounting period shall be the profits as ascertained for the purpose of the Indian Income-tax Act, 1918. VII of 1918.

Standard profits.

6. Subject to the provisions of this Act, the standard profits shall be ascertained as follows, namely :—

(*1*) If the profits of the business have been assessed in the four years, 1913, 1914, 1916 and 1917 for the purpose of the income-tax law then in force, the average of the assessed profits in these years :

Provided that if the assessment in any of the said years was made in respect of a period of less than twelve months, that assessment shall for the purpose of determining the average be proportionately increased.

Explanation.—Each of the years referred to in this clause shall be deemed to be the twelve months commencing with the 1st of April in the year mentioned.

(*2*) If the profits of the business have not been so assessed in all the said years, an amount calculated at the rate of ten per cent. on the capital of the business as existing at the end of the accounting period and the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II.

Adjustments for increase or decrease of capital.

7. (*1*) Where the capital has been increased during the accounting period, a deduction shall be made from the profits of that period at the rate of ten per cent. per annum on the amount by which the capital has been increased for the period during which such increased capital has been employed :

Provided that no such deduction shall be made in respect of any increase of capital when it appears or to the extent to which it appears, that the increase was made with intent to evade or has the effect of evading, the payment of excess profits duty.

(*2*) Where the capital has been decreased during the accounting period an addition shall be made to the profits of that period at the rate of ten per cent. per annum on the amount by which the capital has been decreased by the period during which such decreased capital has been employed.

(*3*) For the purposes of this section, capital shall be deemed to be increased or decreased as the case may be :—

(*a*) where the standard profits are ascertained in accordance with the provisions of sub-section (*1*) of section 6, if the capital employed in the business during any part of the accounting period is more or less than the average amount of capital so employed during the assessment years referred to in that sub-section ; and

(*b*) where the standard profits are ascertained in accordance with the provisions of sub-section (*2*) of section 6, if the capital so employed is more or less than the capital of the business as existing at the end of the accounting period.

Power to Collector to modify method of calculation.

8. On the application of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, namely :—

(*a*) any change in the constitution of a partnership of which he is or was a member,

(*b*) the postponement or suspension, as a consequence of the present war, of renewals or repairs,

(*c*) any exceptional depreciation due to the present war of assets employed in the business,

(*d*) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war, or

(*e*) any other special circumstances connected with the nature of the business,

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such modifications in the provisions of this Act for the purpose of calculating the amount of the duty as seem to him to be necessary to meet the special

circumstances, provided that a reduction in the amount of duty payable under the provisions of the Act by more than twenty-five per cent. shall not be made without the previous sanction of the Commissioner.

Application to Chief Revenue-authority.

9. (*1*) If any person who has applied under section 8 is dissatisfied with the decision of the Collector thereon, he may appeal to the Chief Revenue-authority who shall either itself decide such appeal or, if it is of opinion that questions of general importance are involved, shall refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear and consider any appeal so referred and shall communicate their decision to the Chief Revenue-authority.

(*2*) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 8, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(*3*) Every Board of Referees appointed under this section shall consist of three persons, of whom at least one shall be a person not in the service of Government and having acquaintance with businesses of the nature of that in respect of which the appeal is made.

(*4*) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail.

(*5*) The decision of the Chief Revenue-authority on any appeal under this section, or of the Board where an appeal is referred to them shall notwithstanding any other provision of this Act be final, and shall be deemed to be the basis of assessment in the particular case.

Notice to be given that excess profits have been made.

10. Every person chargeable to excess profits duty under this Act shall give notice that he is so chargeable to the Collector before the 30th April 1919, and every liquidator of a company which is being wound up at the commencement of this Act, or is wound up after the commencement of this Act, and which is chargeable to excess profits duty, shall give notice of the fact to the Collector.

Returns for the purposes of the Act.

11. The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies, or to have been so engaged during the accounting period or in the year 1912 or in any year thereafter, to furnish him within one month after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

Penalty.

12. If a person fails, without reasonable cause or excuse, to furnish or cause to be furnished to the Collector in due time any notice required by section 10 or any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to ten rupees for every day during which the default continues.

Assessment.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such time as he may direct.

Person liable to be assessed.

14. The duty may be assessed on any person for the time being owning or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector may, if he thinks fit, take the accounting period as the period ending on the date at which the ownership has so changed and assess the duty on the person who owned or carried on the business.

Application of provisions of Indian Income-tax Act, 1918. VII of 1918.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, 29, and of Chapters IV and V and of sections 42, 45, 46, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if those sections referred to excess profits duty instead of income-tax, and every officer or authority exercising powers under these provisions of the said Act may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act:

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

Income-tax papers to be available for the purposes of this Act. VII of 1918.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918, all information contained in any statement or return made or furnished under the provisions of the said Act, or obtained or collected for the purposes of that Act may be used for the purposes of this Act.

17. (*1*) A person shall not for the purposes of avoiding payment of excess profits duty enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation and if he has entered into any such transaction or carried out any such operation before the commencement of this Act, shall inform the Collector of the nature of the transaction or operation.

Prohibition of and penalty for fictitious transactions.

Explanation.—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form or manner with intent to evade or having the effect of evading the obligations imposed by this Act.

(*2*) If any person acts in contravention of, or fails to comply with, the provisions of sub-section (*1*), he shall, on conviction by a Magistrate, be punishable with fine which may extend to one thousand rupees.

18. (*1*) The Governor General in Council may, by notification in the *Gazette of India*, make rules for carrying into effect the provisions of this Act.

Power to make rules.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(*a*) the procedure to be followed by Boards of Referees appointed under this Act;

(*b*) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15. VII of 1918.

(*3*) All rules made under this section shall have effect as if enacted in this Act.

SCHEDULE I.

EXCEPTED BUSINESSES.

(*See section 3.*)

1. Agriculture.

2. Offices or employments.

3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount small when compared with the profits which the person carrying on the profession makes :

Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being a commercial traveller or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.

4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.

5. Any business the profits of which in the accounting period did not exceed thirty thousand rupees.

SCHEDULE II.

ASCERTAINMENT OF CAPITAL.

(*See section 6.*)

1. The amount of the capital of a business shall so far as it does not consist of money, be taken to be—

(*a*) so far as it consists of assets acquired by purchase, the price at which these assets were acquired, subject to such deduction for depreciation or for unpaid purchase money as may be prescribed,

(*b*) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and VII of 1918.

(*c*) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to such deduction for depreciation as may be prescribed ;

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where the business has been converted into a company, and more than two-thirds of the shares in the company are held by the person who was the owner of the business, no value shall be attached to those shares, so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

STATEMENT OF OBJECTS AND REASONS.

On the 10th of September 1918, a Resolution was adopted by the Indian Legislative Council declaring that the prolongation of the war justifies India's taking a larger share than she does at present of the cost of the military forces raised or to be raised in this country. It is the object of the present Bill to raise money, by the imposition of an excess profits duty, towards the cost of the measures proposed to give effect to this Resolution.

2. Although no guarantee can be given by the Government on the point, the change which has recently come over the military situation makes it possible that the sum to be raised by the duty will not be required for more than one year, and the duty is, therefore, imposed by the Bill only on the profits of a single year (clauses 2 and 4). The proposed duty will absorb fifty per cent. of the excess of the profits made in an accounting period of twelve months over a certain standard called in the Bill the " standard profits " (clause 4). The accounting period consists of the twelve months ending on the 31st March 1919, unless a different period of twelve months has been taken for the income-tax assessments of that year, when that period is taken; and the profits of the accounting period are those ascertained for income-tax purposes (clause 5). Standard profits are calculated on different bases when the business subject to the duty has been assessed to income-tax in the course of the four financial years, 1913-14, 1914-15, 1916-17, and 1917-18, and when it has not.

3. When a business has been assessed to income-tax in the four years, the standard profits will under the Bill be the average profits as assessed for income-tax purposes, with proportionate increases if the assessment in any of the years covered a period of less than twelve months. When it has not been assessed to income-tax in all the four years, the standard profits will be calculated at ten per cent. on the capital of the business at the end of the accounting period (clause 6). With slight modifications, the provisions of the British Excess Profits Duty Acts are followed for the calculation of the capital of the business. (Schedule II.)

4. The Bill provides for an adjustment, where capital has been increased or decreased during the accounting period, by deduction from or addition to the profits of that period of an amount equivalent to ten per cent. per annum on the increase or decrease of capital (clause 7).

5. Businesses which have not earned in the accounting period more than thirty thousand rupees will be exempt from the duty (Schedule I), and in no case will a larger sum be taken as the duty then will reduce the profits to thirty thousand rupees (clause 4, proviso). Otherwise, the duty will be imposed upon all businesses except agriculture, offices or employments, professions subject to the limitations in force in the United Kingdom, and businesses which are liable to pay in respect of the accounting period excess profits duty in the United Kingdom (Schedule I).

6. In general, the procedure for the recovery of the duty, for appeals against the Collector's assessments, and similar matters will be that in force under the Income-tax Act (clauses 13 and 15), but there are some special provisions. The Collector is given wide powers to modify assessments when on application to him it is shown that for special reasons the methods laid down for calculating the duty will operate unfairly (clause 8), and persons dissatisfied with his orders on such applications are permitted to appeal to the Chief Revenue-authority, who, if it thinks that the appeal involves questions of general importance, is required to refer it to a Board of Referees appointed by the Local Government, and consisting of three members, of whom at least one must be a non-official acquainted with businesses of the nature of that in respect of which the appeal is made (clause 9). The Collector is also authorised in addition to his powers under the Income-tax Act to call, under penalty for non-compliance, for such particulars in connection with the business as he may require (clauses 11 and 12), to permit payment in instalments (clause 13), and to use in his assessments to the duty information obtained for the purpose of income-tax assessments (clause 16). Persons chargeable to the duty are required under penalty to give the Collector notice of the fact (clauses 10 and 12), and they are forbidden, on pain of a fine which may extend to one thousand rupees, to enter into fictitious or artificial transactions with the object of avoiding payment of the duty (clause 17).

JAS. S. MESTON.

The 13th December, 1918.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Wednesday, the 19th February, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 47 Members, of whom 40 were Additional Members.

EXCESS PROFITS DUTY BILL.

The Hon'ble Sir James Meston :—" My Lord, when the armistices were signed three months ago, men's minds naturally turned with gratitude to picture a world from which war with all its attendant evils had at last been removed; and it came to many of us as an unpleasant surprise when this document was published a few weeks after the noise of battle had ceased. It reminded us that, although the war was over, the price of victory had yet to be paid. In human lives and suffering that price has been paid in full measure. But on those of us who remain the duty rests of trying to help in some degree to liquidate the incalculable material loss which has fallen upon the world during these last four years. In some countries that task will occupy the attention of the present generation and of generations yet unborn; but in more fortunate India the pecuniary burden of war will relatively be a trivial and transient embarrassment. India, under your Excellency's guidance, however, has not been ungrateful for the shelter and security that she has enjoyed during these anxious years, and most Members of this Council took part in the enthusiasm with which India bestowed her first magnificent gift of £100 millions towards the cost of the war. Then, again, in September last this Council with virtual unanimity decided upon a further gift by taking over from His Majesty's Government the charges of a large Indian fighting force which had previously been met out of British funds. The value of that second donation was estimated by my predecessor at £45 millions, or in the neighbourhood thereof. He assumed that the forces for which we were providing would be at war for two years and would be demobilized in the third year, while there would be a running accompaniment of pension charges dwindling until that part of the burden finally disappeared. Well, the war happily ended long before the period of Sir William Meyer's estimate, and our total payments are not likely now to be more than £30 millions. For the current year our bill is being honoured partly out of our current revenues and partly by an overdraft upon our balances. But for the next year we have to find £8$\frac{3}{4}$ millions, and it is to help in providing that sum that we are now asking the approval of Council to the measure which I introduce to-day. Our need for this extra taxation may be very briefly explained. When Sir William Meyer described his proposals in September last, he told the Council that the military expenditure which we were then accepting would amount to about £12·7 millions in the current year, to £14·7 millions in the next year, and if the war then terminated to £7·7 millions in the third year or the period of demobilization with, of course, pension charges added in each case. For the current year he expressed the hope that he would be able to provide the required funds out of the large surplus which he then anticipated. I have heard him sharply criticized for the expression of this hope, but I think, my Lord, most Members of this Council will agree that criticism on that point is a little unreasonable. At that time Sir William Meyer had before him only the figures of the first

quarter of the current year; and as we all know a sudden rapid change for the worse came over our financial position almost immediately after he had spoken. Famine raised its head with all its attendant re-action upon our revenues. Exports, especially of food, were curtailed in a very large measure, and the sale of Council drafts stopped from October, while all the time we had to go on merrily coining rupees to a very large extent, and enduring the loss in which they involved us on account of our compulsory purchases of silver. As Hon'ble Members are aware, we had, recently on two occasions, to reverse the ordinary procedure of exchange and sell what are ordinarily known as reverse Councils in India. All these forces combined to defeat Sir William Meyer's hope of a large surplus, and in actual fact we shall probably have to admit a heavy deficit, a deficit of about £4 millions in the current year. We have thus not been able to meet anything like the first instalment of our obligations out of the current year's revenues. For next year Sir William Meyer was under no delusions. To pay the second instalment he warned the Council that extra taxation would be necessary, and he made it perfectly clear that in the forefront of that taxation there would be a duty on excess profits. With the advent of peace it is true that that second instalment has disappeared, and all that we have now to face, apart from the running pension charges, is the £8$\frac{3}{4}$ millions of the last instalment. But the tightness which Sir William Meyer foresaw is now upon us, and it is my duty to-day to attempt to convince the Council that we cannot find this amount without some of the additional taxation which he warned us would be inevitable. For it will be remembered that Sir William Meyer in speaking last September held out no hope that the excess profits duty would be the only measure necessary to fill the gap.

"Our Budget estimates unfortunately are not ready; it will be ten days before they are. I wish they were, for Hon'ble Members would then be able to study the position for themselves and find a justification for what is now proposed. But briefly it comes to this. We have pitched our revenue estimates as high as we dare without imprudence. We have of course had to allow very large grants for railway renewals which had fallen to a point of danger during the war; but in all other matters of expenditure we have counted every rupee. His Excellency the Commander-in-Chief, in particular, has accepted for the current expenses of the Army a grant which has been cut so fine that only his resolute insistence on economy will enable it to suffice. And yet with all this our revenues we expect will be barely £3$\frac{3}{4}$ millions ahead of our normal outlay. It is obvious that a fraction of this, say a crore or £$\frac{3}{4}$ of a million, must be kept as a surplus, or margin—and it is not a very extravagant margin—against the vicissitudes of the year. So that we are left with £3 millions out of our normal revenues to meet our liabilities under your September Resolution for £8$\frac{3}{4}$ millions. There is a shortage of £5$\frac{3}{4}$ millions, and it is approximately that sum of £5$\frac{1}{2}$ to £6 millions which we aim, if Council passes the measure which I now introduce, at recovering from the excess profits duty on a 50 per cent. basis.

"The Bill, my Lord, is a very simple measure and endeavours to be as elastic as the peculiar circumstances require. It applies, with certain large exceptions, to all businesses in India which during the current year have returned profits exceeding Rs. 30,000. The first of these exceptions is Agriculture or, as it is called in the United Kingdom, Husbandry, which we do not propose to tax. The second is salaried employments, which have not participated in the special profits of the war. Then come professional incomes which depend upon the personal skill of the earner; and, lastly, we propose to exempt concerns which are already paying excess profits duty in England very much higher than it is proposed to levy in India. With these exceptions it is proposed to take every business in British India and ascertain the profits upon which it paid income-tax in the two years before the year in which war was declared, and in the two years after that event. The average of these four years is struck and set up as the standard of profits. Any sum by which the ascertained profits of the current year exceed that standard is treated as excess profits, and the Government asks for half that sum. If any business, either because it has just started or for any other good reason, did not pay income-tax in the four earlier years, its excess profits are assumed to be the amount by which its actual profits in

the current year exceed ten per cent. on its present capital. My Lord, this is the kernel of the Bill, but there will of course be many exceptional cases. There are concerns with plant which has been running night and day for war work and which will shortly need heavy renewals. These are concerns which have installed machinery for war work, which they will be unable to use for other purposes. There are others which have brought out equipment at possibly three or four times its normal price; others again where renewals and repairs have been impossible in the last four years. The list, which is virtually given in clause 8 of the Bill, is one which might be largely extended; but it is sufficient to say that the Bill recognises such cases as deserving generous treatment, and gives the Collector a wide liberty to modify the assessment. There are probably other cases which have not been referred to in the Bill, and which I have no doubt the Select Committee will be glad to consider. Among these I may incidentally mention, without committing the Government to any decision, the case of controlled trades in which owing to the operation of Government control the profits, which would otherwise have accrued to the business, have not been allowed to pass into their pockets. Still another case is that of a new, or a struggling, industry which was set on its feet by the war and which has now again to face the full blast of the foreign competition which had formerly deterred it from making profits. These and any other matters like these will have to be considered on their merits, and will be considered in a generous and sympathetic spirit. The Bill also allows every assessee an appeal. The Bill sets up—and this is perhaps the most important of all—under clause 9 of the Bill special tribunals for dealing with questions of general importance which would be outside the experience of the ordinary income-tax establishment. The tribunal is a Board of Referees which will always include at least one non-official with special knowledge of the business which is the subject of reference. If Hon'ble Members would like this body strengthened in any way, so as to secure adequate attention to technical business considerations to which they attach importance, I hope it will be possible to meet their wishes in Select Committee. There are many other matters, not included in the Bill, which it is necessary to touch upon in order to give the Council the complete outline of our taxation proposals. First of all, it is recognised that the super-tax was a rough and ready substitute for a tax on war profits, and that it would be inequitable to levy both these duties from the same individual or firm. The necessary steps will accordingly be taken to secure the relief from one tax of every assessee who pays the other. The Finance Department is often twitted with its partiality for the maxim 'Whichever is less'. On the present occasion we are prepared magnanimously to reverse that motto and take whichever is greater. If the super-tax which would be payable in the absence of an excess profits duty is higher than what we should get by assessing the excess profits and taking no super-tax, we should ask for the former, and *vice versâ*. In the second place, it is not proposed to assess income-tax upon the share of excess profits which is taken by Government. In the third place, we are doing all that is possible to overhaul and strengthen the machinery of assessment. To assist us in this work we have been singularly fortunate in obtaining, through the good offices of the Secretary of State and by the courtesy of the Board of Inland Revenue, the services of a distinguished expert from Whitehall, Mr. W. S. Watkins, who is expected to leave London at the end of this month and will bring out to us the valuable experience which the British authorities have acquired in this kind of work. We hope that Mr. Watkins will be able to sit on Boards of Referees which have to deal with questions of peculiar difficulty or importance; that he will assist us in framing the rules and regulations under the Act; and that Local Governments will permit him to advise and guide their income-tax authorities in matters where weight is naturally attached to English experience.

"Having explained the proposed relations between the excess profits duty, the super-tax and the income-tax, I would naturally be expected to put forward some kind of estimate of the amount to be expected from the operation of this Bill when it becomes law. It is naturally very difficult and a little invidious to define the profits which we expect to realise from each individual industry. Consequently—and I think Hon'ble Members will accept this proposal—I shall lump the figures together, and simply say that according to

the best of our estimates we believe that the excess profits which will be assessable after all allowances for depreciations and the like, will aggregate, for the whole of British India, about 22½ crores. When we get half of that, it is equivalent to £7½ millions gross; from which we have to deduct the super-tax which will be remitted under the provisions which I have just described, that remission we calculate roughly at about a million sterling. Then, again, we have to deduct the income-tax which will be payable on the Government share of the excess profits, and that by an easy calculation works out to about £400,000. So altogether we expect to realise about £6 millions net as our share of the excess profits duty. Making some remission for unavoidable contingencies or miscalculations we thus just succeed in covering the figure which we set out to try to obtain.

"Now, my Lord, I do not propose to take the Council through all the technical provisions of the Bill. They have been thoroughly canvassed by competent critics from whom we are already receiving most useful criticisms. Mr. Howard and I have had the advantage of informal discussions with the members of several of the leading commercial communities; and I should like to express our indebtedness for the courtesy and frankness with which we have uniformly met. The criticisms furnished to us both at these informal conversations and in the written opinions which are now arriving will be closely examined in Select Committee, and it would be useless to weary the patience of the Council by discussing them to-day.

"But what the Council will no doubt prefer is that I should attempt to answer very briefly the main objections that have been taken to the principles of the Bill and the necessity for it at all. Now those objections, my Lord, divide themselves naturally into several different categories.

"With one set of critics I need not occupy much time. They are those who argue that India has already done enough, and that the further contribution which this Council decided to offer last September should now be withdrawn. I leave those critics to the judgment of the Council whose decision they challenge. But I think, my Lord, we can leave them also to the judgment of another tribunal. If those critics, looking round upon the millions of lives that have been sacrificed, on the long-drawn misery of the millions maimed and disabled, on the sufferings of the invaded lands, on the loss which whole nations have endured of their homes, and everything that is dear to them, and of the universal hardships which have been cheerfully borne by every class, every creed in the British Empire—if, I say, on looking round upon this world of strain and privation, they still can be content to hug their wealth, their comforts and their luxuries—then, my Lord, I think we may leave them to the tribunal of their own conscience.

"There is, however, another class of critics who urge that our proposals are ill-timed; that war is over, and that war levies ought to cease. Some of my friends who hold this view emphasise the agricultural difficulties in which parts of India are now plunged and argue, with much plausibility, that India's first duty is to look after herself. Others describe the depression in the markets, the reaction which must follow the recent prosperity, the unwisdom of adding to all this unsettlement by an unpopular tax. Well, the Government of India may confidently assure those who hold such language that in combating agricultural distress, the full energies of our resources will be as ever available, and that this tax will not by one jot or tittle interfere with the financing of whatever measures are required to avert the results of scarcity. If it were the case that this new tax fell upon an industrial community weakened by the collapse of its markets, we ought certainly to think twice before going on with it. But, my Lord, is this the case except to a very narrow and limited extent? No signs of collapse, I believe, are yet apparent in the jute trade or in the many subsidiary industries to which the war has given a fillip. The position of the cotton trade undoubtedly is different. It has passed through a bad time, partly owing to labour difficulties, but also, I am surely right in saying, to unwise speculation. The fanciful heights to which the cloth market and the Bombay share market had soared last year could not possibly have been maintained in permanency; and the fact that they are now approaching a lower, and we may hope, a saner level, is surely no valid argument against our

proposals. And is this Bill so untimely as I am told? I am frequently assured, that the excess profits duty would have been an excellent idea three years ago, but that is all wrong now. Well, unfortunately it is impossible to accept the implied offer and to lay hands on the profits of three years ago. But what is wrong with the tax now? It is no reply to say that the war is over. War is not like a game of chess which you can finish, put away the chessmen and fold up the board and walk off. War is an evil of which the consequences remain, and those consequences have got to be paid for by whatever name we call the requisite taxation.

"The plain fact, my Lord, is that in September last we undertook to pay for an extra force of 200,000 Indian troops. That force is still in being; it is rendering valuable service in garrisoning conquered countries and in enabling peace to be secured and the benefits of peace to be established. We are in honour bound to pay for those men until they are returned to civil life. We are in honour bound to pay the pensions and allowances to those who are disabled, to those who are superannuated, and to the families of those who have died. That is the clear duty of the Government, and it is for that purpose that we are to-day asking for the necessary money.

"I pass now, my Lord, to another class of critics. Soon after arriving in Delhi, I was visited by a number of my old friends from Cawnpore, gentlemen in charge of large industrial concerns which had been continuously engaged in war work. What they said was this: 'We know that the money is wanted; we know that you have got to raise it; the money is here and you shall have it; but you are going about the wrong way to take it.' Well, similar things afterwards were said to me by representatives of commercial communities in other parts of India, and I invariably found that this criticism came from those who had taken a large and patriotic share in our war effort and invested largely in our war loans, and consequently it is our bounden duty in all courtesy to give very special consideration to their objections. Accordingly, my Lord, all possible alternatives were thoroughly examined. First of these alternatives was a loan. Many varied and ingenious forms for raising the money by loan were pressed upon us, particularly in Bombay; but we have had finally to reject the idea. As Hon'ble Members will have recognised, our difficulties in the current year compel us to borrow indirectly about £4 million towards the first instalment of our new obligation. If to this we add the £8$\frac{3}{4}$ millions which still have to be paid, and the capitalised value of pension obligations which will remain for the futrue, we should be placing a very substantial addition upon our temporary debt. That debt is already higher than any of us like. We have to get rid of it before we can launch out into the programme of remunerative borrowing for the development of India which all of us look forward to. Another alternative which we found considerably favoured, in certain though not in all commercial circles, was an amendment of the super-tax system which would allow that tax to be assessed on the whole profits of companies, and not only on the undistributed profits. Personally, although I have no authority from the Government of India to announce a policy in this matter, I confess to being much in sympathy with the desire for the amendement of our existing system of taxation on incomes. But I feel that the whole subject requires more ventilation and discussion, in order to get at an equitable graded scale which will carry us over the period of recovery from the consequences of war. To frame a scale which would have produced the extra revenue required by us this year, would have entailed a higher range of assessment than should be necessary in more normal circumstances; and having got such a range, the Finance Member, being only a fallible mortal, would probably find himself sorely tempted to stick to it after the necessity for it had passed. Moreover, as a prominent feature on the fiscal side of the Reforms Scheme is the appropriation of income-tax wholly for Imperial purposes, I confess I should look with some misgiving upon a situation in which the various provinces could point to a high return from the taxation of incomes as an argument for the immediate reduction of their contributions to the Central Exchequer. It seemed, therefore, inexpedient on all grounds to revise the income-tax and the super-tax just at present, although I trust that such a revision will be taken in hand as soon as the excess profits duty ceases to operate.

Another, and really the only other, suggestion of any value was that while standing by our proposals, we should be content with a smaller share of the current year's profits, say one-third instead of one-half. I can assure the Council that this proposal was very carefully examined, and that at one time we had hopes of being able to accept it, but since that time there has come upon us a large additional liability for the maintenance of our Army, which will add over £2 millions, probably £2½ millions, to next year's expenditure. A third of the assessable profits, if Hon'ble Members followed the brief calculation I tried to place before them a few minutes ago, would have given us £4 millions and that would not have been enough with a gap of very nearly £6 millions to fill; and I am afraid we have been driven by force of circumstances to fall back upon the full 50 per cent. So that we come, almost by a process of exhaustion, back to the proposals embodied in this Bill, and we have not been able to find any other sound economic method of raising the necessary funds which would be either advisable or indeed in consonance with the general wishes of those affected.

"There is only one other important class of critics, and with them I will close. They are the numerous well-wishers who warn us that a tax on profits is economically bad and mischievous to industry. If their arguments were accepted in full, there would, of course, be no taxation at all. It would be foolish to contend, and I do not for a moment profess to contend, that there are not some taxes which are less felt by the ordinary man than others; and probably a direct tax on profits is a form of levy which economists would gladly avoid at normal times. But are the times normal, or are the profits which we are taxing sound? Have not these huge profits of recent years been responsible, in some measure at least, for an orgy of harmful speculation, for much of the labour trouble that has since visited us, for an inflated standard of values which is entirely hostile to the healthy financial development of the country? It is this scale of profits which is unsound much more than the tax; and I am sure many a business man will agree with me in his heart of hearts, if not to-day, certainly in later years, when he looks back upon an artificial prosperity which has left him nothing but a legacy of trouble.

"My Lord, this then is the position. We have undertaken an obligation to pay a share of the cost of our own fighting forces. It is an infinitely small sum as compared with the burden which lies on the rest of the Empire; it is not a large sum relatively to our own resources. From that obligation we cannot in honour recede. To meet it we have to find £8¾ millions next year. We have pinched and saved, and postponed all avoidable expenditure; and have thus been able to provide only a fraction of this (about £3 millions) out of our current revenues. For the remainder we must have extra taxation. We have searched for any form of tax which would furnish the necessary sum without adding to the burdens of the poorer classes. We have accordingly determined to appeal to the wealthy, and more particularly to that class whose incomes have been largely increased as a result, directly or indirectly, of the war. There are reasons at the moment why we should not take the money by an enhancement of the rates of the ordinary income-tax. We have, therefore, had recourse to what seems as fair in India as it has been acknowledged to be in the United Kingdom, a tax on the profits made by industries in excess of a normal standard. We have taken the normal standard, however, not as in England on a pre-war basis, but, in order to show all consideration for those who have to pay a somewhat belated duty, at an average between a lean period before the war and a fat period after the outbreak of hostilities. We are prepared to make all possible allowance for hard cases, and to correct our own valuations, wherever possible, by the skilled knowledge of business men.

"This, my Lord, is the case for the Bill which I now introduce. Firstly, secondly and lastly, the Bill is a war measure; it is a measure for paying fighting men who are actually at the present moment in the field. It is thus a measure which will help to secure, we hope, for the world a lasting peace; and I would appeal to all those who place a higher value on that achievement than on the mere amassing of wealth to lend it their support.

"My Lord, I introduce the Bill and beg to move that it be referred to a Select Committee consisting of the Hon'ble Sir George Lowndes, the Hon'ble Mr. Kesteven, the Hon'ble Sir Fazulbhoy Currimbhoy, the Hon'ble Rai Sita

Nath Ray Bahadur, the Hon'ble Mr. Howard, the Hon'ble Mr. Hogg, the Hon'ble Sir Gangadhar Chitnavis, the Hon'ble Mr. Ironside, the Hon'ble Mr. Rice, the Hon'ble Mr. Moncrieff Smith and myself, with instructions to report on or before the 12th March, 1919."

The Hon'ble Mr. Malcolm N. Hogg :—" My Lord, this is a Bill on the merits of which I had some difficulty in making up my mind, and when I had made it up, I arrived at a conclusion which is in some respects contrary to the very large majority of commercial opinion, both European and Indian, in Bombay. My only course, therefore, is to lay my personal views before the Council for what they are worth, and then to point out how very little they are worth for practical purposes inasmuch as they are entirely unrepresentative on this matter. Few, I think, will deny the inherent justice of the underlying principle of this Bill, namely, that those to whom circumstances arising out of the war have brought exceptional profits should contribute a portion of those profits to the cost of the war. It is when we come to try and apply this principle in legislation that difficulties arise. In England, the principle was applied at a very early stage of the war; that is to say at the most favourable moment. But even in England the excess profits duty has proved in some respects unsatisfactory; it has been difficult and troublesome to assess, and often inequitable in its incidence. But it has been accepted in England as a necessary war evil, and I think that it would have been accepted in India as a necessary war evil if it had been introduced at an earlier stage. For various reasons, but principally on account of the difficulties of assessment and collection, it was not introduced, and the delay far from lessening the difficulties has increased them. The delay has also prejudiced the reception of the Bill, and a measure which, I think, would have been generally accepted a year or two ago, has now met with very general opposition and condemnation. It is not necessary for me to recapitulate the grounds on which this opposition is based, for I think that they are sufficiently well known; but I am bound to admit that there is considerable force in some of the arguments advanced. I share the general objection to retrospective taxation. I am aware that the present economic situation in certain important trades and industries, particularly in Bombay, is very unfavourable for the introduction of such a duty, and I realise—and this to my mind is the most important objection to the Bill—the very great difficulties which exist in this country in the way of its equitable assessment and successful collection, difficulties which are far greater than those of a like nature existing in England. I have endeavoured to weigh carefully the theoretical and practical objections to the Bill, but I have come to the conclusion that, in spite of them all, the inherent soundness of the underlying principle justifies an attempt being made to apply it even at this late stage. It cannot be denied that very considerable profits have been made by certain trades and industries in India through circumstances arising out of the war, and I feel that it is still worth while making an attempt to secure a portion of those profits for expenditure arising out of the war.

" But there is another reason which has impelled me to the same conclusion. Assuming that this money is required for war expenditure, how else is it to be raised? I have said, assuming it is required for war expenditure because that, I think, is an essential condition, and until the presentation of the Financial Statement we are to some extent in the dark on this matter, although the speech of the Hon'ble the Finance Member in introducing the Bill has done much to enlighten us. On this assumption, however, how else is the money to be raised? One suggestion has been a loan. Well, in the first place, my Lord, I am personally not very sanguine about the prospects of raising any large sum of money by loan in India this year. But, secondly, I feel that we have already raised as much of our exceptional war expenditure by short term loans in this country as is advisable. Next year, the first of these short term loans will be falling due for repayment, and I feel that Government will have their work cut out to meet this and the succeeding loans as they fall due without pursuing the policy of financing exceptional war expenditure by short term loans any further.

" A second expedient which has been suggested is an increase in one or other of the existing sources of taxation. Well, I feel that all possible

permanent increases of taxation will be required and more than required in this country during the next few years to meet the repayment of existing short term loans and the very heavy increases in permanent recurring expenditure which are ahead of us. I do not think that it is sufficiently recognised what a very great strain will be placed upon both the loan and the taxation resources of India to meet the urgent demands of education, sanitation, housing, railways and other needs of a like nature. It seems to me, therefore, that we are forced back upon the necessity of attempting to meet the remainder of our exceptional war expenditure by exceptional war taxation.

"I do not propose, to-day, to enter into any detailed criticism of the Bill because the proper time for that is the Select Committee and the subsequent stages; but I do wish just to say this, that I think that the Bill as drafted requires considerable amendment with a view to ensuring that it falls, as far as possible, only on those who are in a position to bear the burden, and with a view to seeing that its total yield does not exceed the requirements of urgent war expenditure.

"Such, my Lord, are my personal views, but I feel it my duty to place another aspect of this question before the Council with considerable emphasis. I have stated that my views do not coincide with general commercial opinion, which is strongly opposed to the passage of this measure. That opposition is shared by the Bombay Chamber of Commerce whom I have the honour to represent upon this Council. My absence from Bombay during the last three months with the Franchise Committee has prevented my having any recent opportunity of a discussion of the Bill in detail with the members or Committee of my Chamber; but their views have been recently fully communicated to Government in writing, and will no doubt be circulated to Hon'ble Members as one of the papers on this Bill. I feel bound to advise your Excellency's Government to attach far more weight to this expression of opinion from a body such as the Bombay Chamber of Commerce than to my own personal views; and it is a matter for the very serious consideration of Government whether it is expedient to persevere with a measure which has provoked such a large measure of opposition and resentment among those whom it will affect, particularly in view of the fact that it is to these same classes of the community that Government must look for the bulk of any loan which they may desire to raise. In this connection, I should like to make it clear that my Chamber do not share my opinion as to the prospects of a loan this year. I received from them last Monday a telegram in which they state, firstly, that they adhere to their opinion that the sum required should be raised by other methods; secondly, that, if Government persist with this measure, the sum to be raised by it should be strictly limited to the rough amount of 6 crores of rupees which had previously been stated to be approximately required, and also that the Bill should be amended so as to remove some inequalities which they consider exist in the present draft, bearing in mind that a tax which may be suited to conditions in one province, say Bengal, may operate very unfairly in other provinces; thirdly, they state—and this is particularly important—that in their opinion the prospects of a loan this year are good, and that they see no reason why 20 or 25 crores should not be raised, but that they consider that the Bill in its present form is calculated seriously to prejudice the prospects of raising even a smaller amount. I invite the very serious consideration of your Excellency's Government and of this Council to this considered expression of an opinion which is, I believe, very generally held.

"I do not think that there are any serious differences of opinion between my Chamber and myself on the details of the Bill, and I hope in the course of the Select Committee proceedings to secure some important amendments. It is only on the question whether the Bill should be proceeded with and amended or whether it should be entirely withdrawn, that I differ from my Chamber. I feel that, under the circumstances, the only proper course for me to pursue is to refrain from voting. I cannot reconcile it with the views which I hold, and hold with conviction, to vote against this Bill. At the same time I feel that it would not be right for me to record a vote in its favour, knowing that that vote is directly contrary to the wishes and opinions of those whom I am here to represent. In conclusion, I desire to repeat that it is the duty of your

Excellency's Government to attach very great weight to the opinion expressed by the Bombay Chamber of Commerce and by so many other commercial associations and bodies throughout India."

The Hon'ble Sir Fazulbhoy Currimbhoy :—"My Lord, I rise to oppose the Excess Profits Bill. I am doing so with the full consciousness of my responsibility as a Member of this Council notwithstanding the fact that I gave my cordial support in last September to the Resolution, moved by Sir William Meyer, for India's taking a larger share, in respect of the cost of military forces raised in the country. I supported the Resolution because we had not, then, seen the successful termination of the war. At the War Conference held in April last, your Lordship had indicated the grave military danger across the borders, and it was made clear to the country that a further contribution from India meant not only the performance of Imperial obligations that fell to the share of India, but as a sort of self-defence to ward off the threatened invasion of the country. Successful operations in Mesopotamia and elsewhere would, it was expected, create diversions which would make it impossible for the enemy to succeed in his nefarious plans across our borders. Whatever my views were with regard to the poverty of the country and with regard to the enormous burden that a further contribution will lay upon the people of this country, I was one of those who cheerfully and boldly supported that Resolution anticipating at the same time considerable criticism outside this Council, where the issues were not so clearly understood.

"My Lord, the situation has changed since then, and it is no longer possible to impose the taxation outlined in the speech of the Finance Member at that time, except by 'violating the conditions and safeguards' which were specifically mentioned in the Resolution. Sir William Meyer had assured this Council that the matter was liable to reconsideration 'if we were faced with grave financial burdens in other respects, such as a worse agricultural situation or a grave currency crisis.' I urge that the matter should be reconsidered because the rainfall this year has been deficient in certain areas and there is actual famine calling forth for famine relief from Imperial funds. While one part of the country is suffering from actual famine and the shortage of food materials, the rest of the country is in the grip of high prices which were not known even in some of the worst famine times from which the people have suffered. Nothing but the extraordinary confidence, which the people of this country have, in the Government of India could have sustained our currency system from reaching a crisis, and even now business-men everywhere are feeling—though they are loyal enough not to complain—the restraints on exports that had been exercised in the interest of our artificial currency for preventing the exchange from rising still further. Added to all this the sudden termination of the war has brought about a depression in trade, a dislocation of ordinary business activities; a situation that can fittingly be described as an incipient financial crisis. The present depression of trade and uncertainty has ruined a good many merchants and has robbed many more of the profits they made during the war. The high prices have brought on an epidemic of strike which have imposed additional and excessive burden on industries everywhere, and to complete this tale of woe we had epidemics, one after the other, more serious than the plague, that has taken its victims from this country for many years. These epidemics have interfered with industry everywhere in a very real and material manner. I submit, my Lord, that the situation that has now arisen was not foreseen by any one of us when we gave our support to the Resolution in September last.

"There are other reasons for not pushing on this Bill which I shall briefly state with your permission. Now that the war is over, there is not the same need for India's assistance, nor is there the need to raise such large sums as it was proposed to raise at the time. Far be it from me to suggest that India should not do her duty with regard to the Empire, but I now think this should be attempted in a more suitable manner and on a better occasion. I am led to this opinion not in the spirit of shirking our just obligations, but because it would be a very unwise policy to push on with the Bill at the present moment. Many of those that have made profits in the war have also made serious losses at the termination of the war. The promise of the Finance Minister that the Government would avoid placing the burden on the poorer

classes could not be carried out if this Bill was pushed on, because all transactions have taken place on the profits and on values that have been fixed on the old basis. The joint-stock companies have already divided out their profits, and the investing public the last holder, in many cases the *bonâ fide* holders, would be penalised. The mere announcement of the excess profits tax has made so much harm and I honestly believe that the Government could not push through the Bill without causing further serious dislocation in the activities of business all over the country. As an industrialist and as one who as a member of the Industrial Commission recommended assistance to industries in different ways in exceptional circumstances, even to the extent of assistance from the finance of the State, I cannot countenance, without raising my humble protest, a proposal that involves such a levy on Capital and that reverses the process withdrawing the Capital from the most enterprising section of the community. The most serious objection that I have to the passing of this Bill is not one of a sentimental character, but one dictated by weighty reasons of financial policy. I am aware that at the time of the floating of the second war loan in India, no assurance was given by the then Finance Member that new taxation would not be imposed, and yet human nature being what it is, it was the general hope in the business community that if the loan was made successful they would escape further taxation. This was one of the causes of the magnificent response which had been given last year to the call for subscriptions to the War Loan, War bonds and Treasury bills. The section which takes up Government script immediately is just the section which is going to be crippled by this levy under the Excess Profits Bill, and I am positive that if this Bill is passed, then the prospects of a new loan if the Government of India would want to raise it in the country would be altogether ruined. The Government have several obligations in connection with the Treasury bills and in connection with the war bonds maturing in the coming year, and they have also to provide for the accumulated demands of capital expenditure on Railways and in other ways. I submit that the Government would be paying too high a price for the revenue which they propose to raise by this Bill, if they emasculate the business community thereby and if they have to face the failure of their loan policy in the coming year, besides the levy as excess profits was in the first instance going to be a temporary war levy. The war having now ended, perhaps such a heroic measure involving much interference with business is not needed. The burden which was proposed to be borne by this country should not be levied under the present conditions of agricultural distress and trade depression and financial anxiety. I would urge upon the Government of India, with all the emphasis I am capable of, the reconsideration of the whole matter, and at all events the dropping of the Bill at this stage.

" My Lord, the Council is no doubt aware that the opinion in the Bombay Presidency is opposed to the Bill, and this has been very ably voiced by the Bombay Government in their letter to your Lordship's Government, dated the 4th February, 1919. My Lord, with your permission I will read one paragraph. In paragraph four of the above mentioned letter Mr. J. L. Rieu, the Secretary to the Government of Bombay, says : ' I am to state that after further consideration the Governor in Council is still unable to recommend that the proposal to levy a duty on excess profits should be proceeded with, in view of the difficulty of the assessment of the duty, the inequality of its incidence, the likelihood of evasion and avoidance and the political effect of the general resentment which the imposition of this tax, after the virtual conclusion of war and at a time when the Indian Industry requires every encouragement, is calculated to arouse'. My Lord, the above truly reflects the general feelings prevailing among the commercial community of Bombay.

" My Lord, of the apparent justice of taxing those who have made profits in the war, I think too much can be made and it would be unwise to consider any tax isolated in this manner without reference to the direct and indirect reactions of the tax on all sections of the community. Personally I feel that the whole matter of this burden should be reconsidered, but if that cannot be done, then this obligation should be met by means of a long period loan with sinking fund, distributed over a number of years. Other proposals which are suggested are for raising the rate of customs duty and for screwing

up the income-tax. The adoption of either of these would place a burden on the country, which the country at this time can ill afford owing to famine conditions and depression in the trade. But any of these would cause less disturbance and would on the whole be less objectionable in principle and in the actual working of the tax, than the proposed levy under the Bill.

"My Lord, I find the Bill as has been drafted requires substantial changes, and on the details of the Bill I do not propose to offer at this stage any criticism. Should the Government still wish to carry through this Bill, then I shall take an opportunity at a later stage in the Select Committee to make suggestions for the modification of this Bill so as to minimise the injustice of the levy in several directions.

"With these few remarks, my Lord, I oppose the Bill."

The Hon'ble Mr. W. A. Ironside :—"My Lord, representing the Bengal Chamber of Commerce and the interest of that great body, I feel it necessary to state at once that my instructions are to oppose and to vote against this Bill. I find myself in very much the same position as my colleague, the Hon'ble Mr. Hogg, in that my personal views and those that I represent are not in accord. As representing those views I feel I must give them every possible assistance, and place before Government opinions that should carry great weight. I feel that my personal views must not take precedence of those that I represent, particularly as they are so largely in the majority. The delay in giving a final pronouncement on the provisions of the Bill by the Select Committee has, I feel, caused a great deal of unnecessary difficulty. The Bill was one essentially for a prompt decision. In business promptitude is the soul of our work, and in the matter of this Bill people—and there are a great number seriously affected by it—have been prevented from taking a final and complete survey of their position and if need be cut their losses before it was possible to commence work again. The criticism which I offered in September last could well be repeated again to-day, and we have heard and read criticisms galore against the Bill. I do not think it necessary to weary the Council with any further criticism of at any rate a destructive character, but would rather try and place a reasonable view before you; and I trust that opportunities will arise in the Select Committee whereby we can eliminate what are obvious cases of hardship. No one of course can view a Bill of this description with pleasure; no taxation is exactly a gift; but I think that this Bill is largely due to a very wrong financial policy in the past; a financial policy for which the non-official Members of this Council have been directly responsible. I notice that a number of them are not here to-day; but the financial policy of the past has been to pledge the country's credit gaily in times of prosperity, forgetting that debts are birds which come home to roost. We borrowed from Peter to pay Paul, and now the time is coming when Peter will change his name. After listening with considerable interest to Sir James Meston's very masterly exposition of the Bill, I feel less averse, and I think that the financial and commercial public will view with less alarm the Bill as a whole; but I do feel, after listening to the figures cited by Sir James Meston, that there still is a great opening for leniency. I think that the maximum percentage may yet be materially reduced, and I think that those industries which have been started during the period of the war can be absolved from all taxation; and for all that they will bring into the Exchequer I confidently believe they could well be left out. I am glad to hear Sir James Meston mention the fact of those industries which are now faced with severe or the prospect of severe foreign competition, and I trust that that policy will be followed through the Select Committee; and if so, I believe that much of the danger and risk will thereby be eliminated. I trust that very effective taxation will be provided for the foreign firms who have made use of India for obtaining large profits during the period of the war; and even now as a consequence of easier financial conditions and special freight facilities they are, I assure you, having it all their own way.

"I have heard certain suggestions made for alternative measures of taxation. An additional loan at this stage I personally reject; but I think there are more practical measures. I refer to income-tax. I think the machinery of collection might easily be tightened. At the present time the individual with

the fixed income, the man of moderate means and the firm and the company with published accounts, they are easily got at and they have to pay. But, my Lord, there are thousands of people who shirk their responsibility, who evade their duty, and as long as the present system is allowed to go on, the shirkers will go on shirking.

"My Lord, I trust that the benefits of citizenship will not be reserved to commerce and industry, and that those people who are not ready or willing will in future take their share of the taxation of the country. I also trust that hidden away in the figures which the Hon'ble the Finance Member has provided there may not be some balances to be made available for other than war purposes. I also trust, my Lord, that thoughtless expenditure may be avoided. I refer to this in no carping or hypercritical spirit, but I am tempted to mention it because in the last 48 hours I saw a consignment of iron which had travelled, or would eventually travel, more than half way round India by passenger train in order to reach Basrah. Now this is thoughtless expenditure. I do hope that very rigorous economy will be exercised in the spending departments, for I feel that with the tightening of the machinery for the collection of income-tax, together with economy in expenditure, it would be possible to provide a considerable portion of the sum of money which is required under the present tax.''

The Hon'ble Sir James Meston:—"My Lord, the Council may be congratulated on the speedy conclusion of what I feared was going to be a somewhat acrimonious debate. I personally am grateful for the extremely courteous manner in which these proposals have been received. I am particularly indebted to the Hon'ble Mr. Hogg for the courageous and friendly speech in which he opened the discussion. I fully realise that he spoke his own personal feelings at some sacrifice, and that he had considerable difficulty in differentiating between the convictions that he holds himself and the views that his constituency have directed him to impress on this Council. I value all the more the frank expression of his own views with which he has favoured us. The same applies in a large measure to what has been said by the Hon'ble Mr. Ironside. I see the difficulties of his position and value the expression of opinion that he has given upon our proposals. We have had outside blessings upon this Bill, but they are generally blessings from that class of the community who like most of ourselves will never be called upon to pay excess profits. On this occasion we have had most encouraging advice and helpful speeches from two leading captains of industry from each of the great commercial centres of India. The other speech, that of the Hon'ble Sir Fazulbhoy Currimbhoy, reminded me somewhat of a passage from the Epistle of my patron Saint. In the 5th chapter of St. James, when no doubt an Excess Profits Duty or something similar was to befall Judea, he says to the leading men :—'Go to now, ye rich men, weep and howl, for the miseries that have come upon you.'

"Coming to the detailed suggestions that have been made for the improvement of the Bill that is now before the Council, I have, my Lord, nothing to add to what I said in my opening remarks. I do most heartily agree with what Mr. Ironside said as to the importance of tightening up our income-tax assessments and of catching the shirkers in our net. I do fully concur with him in what he said about the necessity of the closest economy at a time when we are raising taxes to meet our war debts. I can assure him that, so far as we know, there are no hidden reserves in our Budget; as Mr. Howard has suggested to me just now, there are really no more rabbits in the hat.

"Well, my Lord, this is a business proposition and it is a business proposition which has been received in a business-like manner. I trust that when it emerges from Select Committee, Hon'ble Members will find the Bill pruned of any of its defects and still more elastic and more capable of dealing with the hard cases which they have enumerated or have in mind; and I trust that the great business communities who naturally feel a little sore at this curtailment of their gains—gains for which they have laboured hard and with a large element of genuine patriotism—will lend their influence to make the best of what after all is a temporary and very exceptional measure."

The motion was put and agreed to.

The following Report of the Select Committee on the Bill to impose a duty on excess profits arising out of certain businesses was presented to the Indian Legislative Council on the 12th March, 1919 :—

WE, the undersigned, Members of the Select Committee to which the Bill to impose a duty on excess profits arising out of certain businesses was referred, have considered the Bill and the papers noted in the margin, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

Paper No. I From the First Assistant to the Agent to the Governor General in Baluchistan, dated the 6th January 1919; from the Chief Commissioner, Ajmer-Merwara, dated the 22nd January 1919, and enclosure; from the Chief Commissioner, Delhi, dated the 24th January 1919, and enclosures; from the Chief Commissioner, Central Provinces, dated the 26th January 1919, and enclosure.

„ II From the Government of Bihar and Orissa, dated the 28th January 1919; from the Government of United Provinces, dated the 29th January 1919, and enclosures; from the Registrar, High Court, Calcutta, dated the 29th January 1919.

„ III From the Government of Madras, dated the 27th January 1919, and enclosures; from the Government of Punjab, dated the 31st January 1919, and enclosures.

„ IV From the Chief Commissioner, Coorg, dated the 28th January 1919; from the Chief Commissioner, North-West Frontier Province, dated the 30th January 1919, and enclosures; from the Chief Commissioner, Assam, dated the 30th January 1919; from the Government of Bengal, dated the 31st January 1919, and enclosures.

„ V From the Government of Burma, dated the 30th January 1919, and enclosures.

„ VI From the Government of Bombay, dated the 4th February 1919, and enclosures.

„ VII From the Government of Bombay, dated the 13th February 1919, and enclosure.

„ VIII From the Government of Bengal, dated the 17th February 1919, and enclosure.

„ IX From the Government of Bombay, dated the 21st February 1919, and enclosure.

2. We have found the subject with which we have been directed to deal one of great complexity; as the papers show the opinions received have been voluminous. We have had the advantage of hearing the evidence of several gentlemen who attended our proceedings on two occasions. These were Sir Robert Aitken and Mr. Gillum of Bombay, Mr. Thomas Smith of Cawnpore, Mr. Grant-Govan of Delhi and Mr. Ram Chandrier of Madras, and we desire to take this opportunity of expressing our obligations to these gentlemen for the valuable assistance they have given us. We have had to deal with a considerable volume of criticism, which to a large extent has been of a destructive character. In so far as the criticisms were directed against the main principles of the Bill, we considered that it was outside our province to deal with them. The main objects which we have kept in view will appear from the following paragraphs of our Report.

3. It has been urged with regard to almost every operative clause of the Bill that it would in practice work inequitably. On the other hand, we have realised that every extra refinement introduced into the Bill with the object of removing these inequalities must necessarily tend to complicate the duties of the assessing authorities, and we recognise that the Bill, as amended by us, adds considerably to the already very large responsibilities of these authorities. We think, however, that an equitable incidence is one of the first essentials of taxation. The main object of the numerous amendments, which we have made, has been to reduce the number of hard cases to a minimum.

4. The details of these amendments will be dealt with in connection with the clauses in which they have been embodied. Generally speaking, we have attempted to achieve our object by introducing a system of options with regard to the profits of the accounting period, the selection of the standard period and the computation of the profits of the standard period. It will be seen that, in regard to the standard period, the options which we have proposed are very wide, and we feel that we have gone as far as possible in this direction. It is inevitable that a certain number of hard cases should remain, but we think that the machinery set up in clauses 7 to 9 of the Bill should adequately provide for these.

5. Before we detail the amendments which we have made, we may here refer to two matters in respect of which we are told that there has been considerable misunderstanding as to the intentions of the Bill. The first is the absence of a duration clause making it clear that

the operation of the Bill is confined to one year. With regard to this it should be hardly necessary to mention that the definition of " accounting period " read with clause 4 must make it clear to the intelligent reader that the profits of one year, and one year only, are being taxed. The second is in reference to the periods adopted for the ascertainment of standard profits. With regard to this it is enough to say that under the provisions of Act II of 1886, which was the law in force during the standard periods, the profits assessed in any year were the profits of the preceding year; that is to say the profits assessed in 1914, as defined in clause 6, were not the profits of the year in which war broke out, but the profits of the year ending on the 31st of March, 1914, or an earlier date. The amendments, which we have made in the Bill, save in so far as they are mere matters of drafting, are dealt with in the following remarks.

6. *Clause 5.*—It was urged upon us that inasmuch as hostilities ceased half-way through the financial year beginning on the 1st of April, 1918, certain companies who closed their accounts before the end of the calendar year 1918 might possibly be severely handicapped in comparison with those whose accounting year corresponds with the financial year. To meet this difficulty we have adopted a suggestion of our colleague Mr. Ironside that businesses which have closed their accounts on any date previous to the 31st of March 1919, should have the option of carrying their accounts forward to the 31st of March 1919, and of calculating the profits of the accounting period as a proportion of the profits of the total period; that is to say, a business which closed its accounts on the 30th of June, 1918, might carry its accounts forward to the 31st of March 1919, and take the profits of the accounting period to be 12-21ths of the total profits of the period from the 1st of July 1917 to the 31st of March 1919. For reasons of drafting we were unable to embody this suggestion in the definition of " accounting period." The option is provided for in clause 5 of the Bill as amended. A question has been raised in several quarters as to whether a composition for income-tax agreed upon in respect of the accounting period should be taken as the basis of assessment for that period. We think that this should not be done and the explanation which we have added to clause 5 requires that, notwithstanding the existence of a composition, the profits of the accounting period shall be actually ascertained.

7. *Clause 6.*—It was suggested to us, however, to provide that where a composition was in force in respect of the period for which standard profits are to be ascertained that composition should, at the option of the business liable to pay the duty, be taken as a basis for determining the standard profits. We have provided for this in sub-clause (*2*) and its proviso. We have, however, gone much further than this. In the first place, we have provided that every business shall have the option of adopting the standard percentage whether the profits of the business have been assessed or not, and we have provided a power to prescribe by rule a percentage higher than 10 per cent. in certain cases. Finally, we have given a very wide choice as to the selection of the standard period. In the first place, the profits assessed in the years 1913 and 1914, that is to say, the profits of two pre-war years may be selected as the standard profits. This, we think, will meet the case of those businesses which actually deteriorated after the outbreak of the war. Secondly, if the profits have been assessed in the years 1913 and 1914 and in any two only of the years 1915, 1916 and 1917 the standard profits may be taken to be the average of the assessed profits in the four years. Finally, if the profits have been assessed in all five years the standard profits may be taken as the average of the assessed profits of the two pre-war years and any two of the first three years of the war which the assessee may select.

Clause 6 as originally drafted ignored any income arising in the standard period from interest on securities held by a business. We think this was an oversight, which we have provided for in our redraft.

8. *Clause 7.*—The Bill as introduced provided that where the capital of a business had increased or decreased during the accounting period, the profits of that period should be reduced or increased by ten per cent. of the difference. In the first place, we think this arbitrary rate might work inequitably. Secondly, we anticipate that there would be some difficulty in interpreting sub-clause (*3*) of this clause as it stood, since the Bill gave no indication as to how the average amount of capital employed during any period was to be ascertained. We have therefore made considerable modifications in this clause, which we have entirely remodelled and have inserted in its proper place as a *proviso* to clause 6 (*1*) (*b*). We have now provided for an increase or decrease in the standard profits proportionate to the increase or decrease of the capital at the end of the accounting period, as compared with the average of the amounts of capital employed on the last days of the years selected by the assessee as the years for which standard profits are to be ascertained. We think that any increase of capital after the 31st of December 1918, should not be taken into account, and we have made provision accordingly in sub-clause (*4*) of clause 6. The original clause 7 has thus entirely disappeared as a separate clause.

9. *Clause 8 (now clause 7).*—We have made it clear that depreciation of assets includes the cost of replacement. The additions which we have made in sub-clauses (*e*) and (*f*) of the Bill as amended are designed to meet possible hard cases. The scope of the application of sub-clause (*g*) (originally sub-clause (*e*)) has been considerably widened.

10. *Clause 9 (now clause 8).*—The Bill gave the Chief Revenue Authority discretion to refuse a reference to a Board of Referees. We have now provided that, at the option of the appellant, his case shall be either disposed of by the Chief Revenue Authority or referred to the Board. It was pointed out to us that the provisions for the constitution of the Board, requiring that one member should be a person having acquaintance with businesses of the nature of that in question, were unsatisfactory, as in the case of some businesses it might be difficult, if not impossible, to obtain a member with the necessary qualification. We have therefore modified this provision. We were much pressed by our non-official colleagues to provide for two non-official members. We have done this, and we have also provided that in special cases the Local Government shall have power to add a fourth member, in which case it shall appoint one of the members to be chairman with a casting vote.

11. We have, in this portion of the Bill, added a new clause which is, in our opinion, of considerable importance. It now appears as clause 9. We have provided a power in the Governor General in Council to appoint a Board of Special Referees to inquire into the circumstances of classes of businesses in respect of which any person has made out a *primâ facie* case that the provisions of the Act would operate unfairly. We may illustrate this by reference to the businesses whose output and sales have been controlled during the war. The Board will, in these cases, always consist of four members, of whom two will be non-officials, and it will act merely in an advisory capacity, the final orders in the case emanating from the Government of India.

12. *Clauses 10 to 12.*—In deference to the views of our non-official colleagues we have relieved persons chargeable to excess profits duty of the obligation to give notice of the fact to the Collector within one month of the commencement of the Act. We have allowed assessees two months instead of one month to comply with the Collector's notice calling for returns.

13. *Clauses 14 and 15.*—We have amended clause 14 so as to give power to prescribe by rule the method of assessment in the case of a change of ownership in the accounting period. We think in this way the instructions to Collectors can be made more explicit than when included in the law itself. A corresponding addition has been made in the rule-making clause of the Bill. We have removed section 29 from the list of the provisions of the Income-tax Act, 1918, embodied by reference in this Bill by clause 15.

14. We have introduced two new clauses at the end of the Bill. The first provides that excess profits duty and super-tax shall not both be levied in respect of the same business; the greater tax alone will be levied. The last clause of the Bill makes any sum paid as excess profits duty an allowance for income-tax purposes when the final adjustment of the profits of the business is made.

15. We have made an amendment in the proviso to the third item of Schedule I to make it clear that the business of a whole-time officer or servant of a firm or company is exempt. The slight alterations made in Schedule II merely adopt the phraseology of the English law.

16. The extensive modifications which we have made in the Bill are almost entirely, in our opinion, in favour of the subject, and we therefore think that the Bill does not require re-publication. We recommend that it be passed as now amended.

17. The publication ordered by the Council has been made as follows :—

In English.

Gazette.	*Date.*
Gazette of India	14th December 1918.
Fort Saint George Gazette	14th January 1919.
Bombay Government Gazette	2nd January 1919.
Calcutta Gazette	25th December 1918.
United Provinces Gazette	28th December 1918.
Punjab Government Gazette	27th December 1918.
Burma Gazette	4th January 1919.
Bihar and Orissa Gazette	1st January 1919.
Central Provinces Gazette	28th December 1918.
Assam Gazette	8th January 1919.
Coorg District Gazette	3rd January 1919.
Sind Official Gazette	19th December 1918.
North-West Frontier Province Gazette	3rd January 1919.

In the vernaculars.

Province.	*Language.*	*Date.*
Madras	Tamil } Telugu }	21st January 1919.
	Hindustani	28th January 1919.
	Kanarese	21st January 1919.
	Malayalam	28th January 1919.
Bombay	Marathi } Gujarathi } Kanarese }	23rd January 1919.
United Provinces	Urdu	1st February 1919.
Punjab	Urdu	31st January 1919.
Burma	Burmese	18th January 1919.
Sindh	Sindhi	16th January 1919.

JAS. S. MESTON.
G. R. LOWNDES.
C. H. KESTEVEN.
FAZULBHOY CURRIMBHOY.*
S. N. ROY.
H. F. HOWARD.
M. N. HOGG.*
G. M. CHITNAVIS.*
W. A. IRONSIDE.*
W. F. RICE.
H. MONCRIEFF SMITH.

The 12th March, 1919.

* Subject to minute of dissent printed below.

Minute of Dissent.

1. We are of opinion that the Bill should contain provision for a refund by Government of any amount of duty which it may yield in excess of the amount of £6 millions net, which is required. This proposal may be unusual, but we think it is fair and reasonable on the following grounds. Firstly, the levying of an excess profits duty for one year only after hostilities have ceased is in itself an unusual measure. Secondly, the justification for this measure has been definitely stated to be the need of Government to raise a sum of £6 millions sterling for exceptional war expenditure. Thirdly, any estimate of the yield of the Duty must necessarily be very hypothetical and uncertain, and the estimate made by Government is generally believed to be considerably too low. Fourthly, the Honourable Finance Member has stated that the only reason for maintaining the percentage of 50 per cent. is his estimate that 50 per cent. will only yield the sum required; and that if his estimate had been larger, he would gladly have reduced the percentage. We think, therefore, that it is reasonable to ask that, if the actual yield of the Duty should prove to be in excess of his estimate, the percentage should be reduced by a proportionate refund of the excess to those who have paid the Duty.

2. We regret that this opportunity has not been taken to abolish the Supertax in so far as it applies to the income of firms and companies. The Supertax in the United Kingdom is a tax on individual incomes only and its partial extension to the incomes of firms and companies has been very generally criticised. The reason given for this extension was that an Excess Profits Duty was then considered impracticable, and that the extension of the Supertax was a device to take its place. Now that an Excess Profits Duty is to be imposed, the excuse is gone, and the proper course is to limit the Supertax to individual incomes. We do not consider that the fact that this would result in certain cases in a remission of taxation is a sufficient reason for rejecting a measure which would be at once just and popular, and we regret that the Report of the Select Committee does not include a recommendation that the Supertax Act should be amended on these lines.

M. N. HOGG.
W. A. IRONSIDE.
FAZULBHOY CURRIMBHOY.
G. M. CHITNAVIS.

The 11th March, 1919.

BILL No. 25 OF 1918.

[AS AMENDED BY THE SELECT COMMITTEE.]

[Words printed in italics indicate the amendments suggested by the Select Committee.]

A Bill to impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses; It is hereby enacted as follows :—

Short title and commencement.

1. (*1*) This Act may be called the Excess Profits Duty Act, 191 .

(*2*) It shall come into force on the 1st April, 1919.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

"accounting period" means the twelve months ending on the 31st March, 1919, or if the accounts of the business have been made up within *the said* twelve months for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that *other* date; VII of 1918.

"business" includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture;

"prescribed" means prescribed by rules made under this Act.

All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax Act, 1918. VII of 1918.

Application of Act.

3. This Act shall apply to every business (other than the businesses specified in Schedule I) *which is, during any part of the accounting period, either* carried on in British India *by any person* or owned or carried on in any place in India by *a* person ordinarily resident in British India.

Imposition of excess profits duty.

4. Subject to the provisions of this Act, there shall, *in respect of* any business to which this Act applies, be charged, levied and paid on the amount by which the profits in the accounting period exceed the standard profits, a duty (in this Act referred to as "excess profits duty") of an amount equal to fifty per cent. of that excess:

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period *below* thirty thousand rupees.

As certainment of profits in the accounting period.

5. The profits *of a business* in the accounting period shall, *at the option of the person by whom the excess profits duty in respect of that business is payable be or be deemed to be,*—

(*a*) *the taxable income* as *finally* ascertained for the purposes of the Indian Income-tax Act, 1918, or VII of 1918.

(*b*) *when the accounting period in respect of the business ends on any date other than the 31st March, 1919, and the accounts of the business are made up for an additional period ending on the said 31st March, a sum which bears the same proportion to the taxable income of the total period (such taxable income being ascertained as nearly as may be in accordance with the provisions of the said Act) as a period of one year bears to the total period.*

Explanation.—The profits in the accounting period shall, notwithstanding any composition in force for the purposes of the said Act, be actually ascertained in accordance with the provisions of that Act.

Standard profits.

6. (*1*) The standard profits *of a business* shall be as follows :—

(*a*) an amount calculated at the rate of 10 per cent. *or at such rate not being less than 10 per cent. as may be prescribed*, on the capital of the business as existing at the end of the accounting period, *in which case* the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II; *or*

(*b*) *at the option of the person by whom excess profits duty in respect of the business is payable—*

(*i*) *if the profits of the business have been assessed in the years 1913 and 1914 for the purposes of the income-tax law then in force—the aggregate of half of the profits so assessed and half of the interest, if any, received in those years on securities forming part of the assets of the business; or*

(*ii*) *if the profits of the business have been assessed for the said purposes in the years 1913* and *1914*, and *in two only of the three years 1915, 1916 and 1917—the aggregate of one-fourth of the profits so assessed and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business; or*

(*iii*) *if the profits of the business have been assessed for the said purposes in all the five years 1913, 1914, 1915, 1916 and 1917—the aggregate of one-fourth of the profits assessed in the years 1913 and 1914 and in such two of the years 1915, 1916 and 1917 as may be selected by the said person, and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business:*

Provided that if the average capital employed in the business in the years adopted for the purpose of determining the standard profits is less or more than the capital so employed at the end of the accounting period there shall be made to or from the standard profits an addition or a deduction, as the case may be, which shall bear to the standard profits the same proportion as such increase or decrease of capital bears to the average capital so employed in the years so adopted.

Explanation.—For the purpose of ascertaining the average capital employed, the capital employed in the business in any year shall be deemed to be the capital so employed at the end of that year :

Provided *further* that if the assessment in any of the said years was made in respect of a period of less than twelve months, that assessment shall, for the purpose of determining the *standard profits*, be proportionately increased.

(*2*) *If a composition for income-tax was in force in any of the years 1913, 1914, 1915, 1916 and 1917, such composition shall be deemed for the purposes of sub-section 1(b) to have been the assessment and the profits shall be determined in accordance therewith :*

Provided that the person by whom excess profits duty in respect of the business is payable shall, notwithstanding any such composition, be entitled to have an assessment of the profits of the business made for the purpose of ascertaining the standard profits, in the same way as the assessment would have been made if no such composition had been agreed upon.

(*3*) Each of the years referred to in *sub-sections* (*1*) *and* (*2*) shall be deemed to be the twelve months commencing with the 1st of April in the year mentioned.

(*4*) *Notwithstanding anything contained in this section no increase of capital made after the 31st December, 1918, shall be taken into account in any case, and no such increase before that date shall be taken into account* when it appears or to the extent to which it appears that the increase was made with intent to evade or has the effect of evading the payment of the excess profits duty.

7. On the application of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, namely :—

Power to Collector to *make allowances for special circumstances.*

(*a*) any change in the constitution of a partnership of which he is or was a member,

(*b*) *any* postponement or suspension, as a consequence of the present war, of renewals or repairs,

(*c*) any exceptional depreciation *or obsolescence* (*including the cost of replacement during the accounting period*) due to the present war of assets employed in the business,

(*d*) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war,

(*e*) *the fact that the assets of the business consist to any material extent of shares in a company the business of which is itself chargeable to excess profits duty,*

(*f*) *any liability of the profits of the business to excess profits duty in the United Kingdom, or*

(*g*) any special circumstances connected with the nature of the business *or the period for which any profits are ascertained or determined,*

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such *allowances in* calculating the amount of the duty as seem to him to be necessary to meet the special circumstances, provided that *any such allowance shall not reduce* the amount of duty payable under the provisions of the Act by more than twenty-five per cent. without the previous sanction of the Commissioner.

8. (*1*) If any person who has applied under section 7 is dissatisfied with the decision of the Collector *on his application*, he may appeal to the Chief Revenue-authority *which* shall, *at the option of such person*, either itself decide such appeal or refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear and consider any appeal so referred and shall communicate their decision to the Chief Revenue-authority.

Application to Chief Revenue-authority.

(*2*) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 7, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(*3*) Every Board of Referees appointed under this section shall consist of three *or, in cases which the Local Government considers to be of difficulty or importance, of four persons. When the Board consists of four persons the Local Government shall appoint one of the members to be Chairman. In any case at* least *two members of the Board* shall be persons not in the service of Government *and having in the opinion of the Local Government adequate business experience.*

(*4*) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail. *When the Board consists of four members and the members are equally divided in opinion, the Chairman shall have a second or casting vote.*

(*5*) The decision of the Chief Revenue-authority on any appeal under this section, or of the Board where an appeal is referred to them shall notwithstanding any other provision of this Act be final, and shall be deemed to be the basis of assessment in the particular case.

Power of Governor General in Council to deal with hardship in cases of a class of business.

9. (*1*) *The Governor General in Council may, on the application of any person alleging that owing to special circumstances to be stated in the application the provisions of this Act for the calculation of excess profits would operate unfairly in the case of any class of business in which such person is engaged, refer such application for the report of a Board of special Referees to be appointed in this behalf by the Governor General in Council.*

(*2*) *Every Board appointed under this section shall consist of four persons, of whom at least two shall be persons not in the service of Government. The Governor General in Council shall appoint one member to be Chairman.*

(*3*) *On receipt of the report of the Board the Governor General in Council shall consider the same and pass thereon such orders as he thinks fit. Any such order may vary the basis or method of assessment in respect of the class of business so reported on and any variations so made shall be deemed to be modifications of this Act in respect of the matters to which they relate, and this Act shall apply accordingly.*

Notice to be given that excess profits have been made.

10. Every liquidator of a company which is being wound up at the commencement of this Act, or is wound up after the commencement of this Act, and which is chargeable to excess profits duty, shall before the 31st May 1919, or within two months of the commencement of the winding up, as the case may be, give notice of the fact to the Collector.

Returns for the purposes of the Act.

11. The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies, or to have been so engaged during the accounting period or in the year *ending on the 31st March*, 1912, or *on the 31st March* in any year thereafter, to furnish him within *two* months after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

Penalty.

12. If a person fails, without reasonable cause or excuse, to *give* to the Collector in due time any notice required by section 10 or *to furnish* any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to *thirty* rupees for every day during which the default continues.

Assessment.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such time as he may direct.

Person liable to be assessed.

14. The duty may be assessed on any person for the time being owning or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector *shall make the assessment in the prescribed manner.*

Application of provisions of Indian Income-tax Act, 1918.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, and of Chapters IV and V and of sections 42, 45, 46, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if the said provisions referred to excess profits duty instead of income-tax, and every officer or authority exercising powers under the said provisions may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act: VII of 1918.

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

Income-tax papers to be available for the purposes of this Act.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918, *or in any* VII of 1918. *Act repealed thereby*, all information contained in any statement or return made or furnished under the provisions of *any of* the said Acts, or obtained or collected for the purposes of *any such* Act may be used for the purposes of this Act.

Prohibition of and penalty for fictitious transactions.

17. (*1*) A person shall not for the purposes of avoiding payment of excess profits duty enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation, and if he has entered into any such transaction or carried out any such operation before the commencement of this Act, shall inform the Collector of the nature of the transaction or operation.

Explanation.—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form or manner with intent to evade or having the effect of evading *any* obligation imposed by this Act.

(*2*) If any person acts in contravention of, or fails, without reasonable cause or excuse, to comply with, the provisions of sub-section (*1*), he shall, on conviction by a Magistrate, be punishable with fine which may extend to one thousand rupees.

Power to make rules.

18. (*1*) The Governor General in Council may, by notification in the Gazette of India, make rules for carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) *the rate to be allowed in respect of any business or class of business for the purpose of section 6 (1) (a)* ;

(b) the procedure to be followed by Boards of Referees appointed under this Act ;

(c) *the basis and method of assessment when there has been a change of ownership ;* and

(d) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15. VII of 1918.

(3) All rules made under this section shall have effect as if enacted in this Act.

Excess profits duty and super-tax to be alternately chargeable.

19. *Where the profits of* any business *in the accounting period are chargeable to excess profits duty under the provisions of this Act and to super-tax under the provisions of the Super-tax Act, 1917, then—* VIII of 1917.

(1) *if the amount chargeable as excess profits duty exceeds that chargeable as super-tax, excess profits duty shall alone be charged, and*

(2) *if the amount chargeable as super-tax exceeds that chargeable as excess profits duty, super-tax shall alone be charged,*

and the provisions of this Act and the Super-tax Act, 1917, shall be construed accordingly. VIII of 1917.

Excess profits duty an allowance for the purposes of the Income-tax Act.

20. *The amount of excess profits duty paid in respect of any business shall be allowed as a deduction at the adjustment made in the year ending on the 31st March, 1920, in respect of the profits of that business for the purposes of section 19 of the Income-tax Act, 1918 :* VII of 1918.

Provided that if the amount of excess profits duty payable has not been ascertained at the time when the said adjustment is made, the amount by which the income-tax would have been reduced if effect had been given to the deduction shall be deducted from the amount payable for excess profits duty.

SCHEDULE I.

Excepted Businesses.

(*See section 3.*)

1. *Any business the income from which is agricultural income.*

2. Offices or employments.

3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount *which is* small when compared with the profits which the person carrying on the profession makes :

Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being *a whole-time officer or servant of the business* or a commercial traveller, or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.

4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.

5. Any business of which the profits in the accounting period *do* not exceed thirty thousand rupees.

SCHEDULE II.

Ascertainment of Capital.

(*See section 6.*)

1. The amount of the capital of a business shall, so far as it does not consist of money, be taken to be—

(a) so far as it consists of assets acquired by purchase, the price at which these assets were acquired, subject to *any proper* deduction for depreciation or for unpaid purchase money,

(b) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and VII of 1918.

(c) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to *any proper* deduction for depreciation :

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where the business has been converted into a company, and more than two-thirds of the shares in the company are held by the person who was the owner of the business, no value shall be attached to those shares, so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Friday, the 7th March, 1919.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice*-President, *presiding*, and 54 Members, of whom 48 were Additional Members.

THE FINANCIAL STATEMENT, 1919-20.

FIRST STAGE.

The Vice-President :—" The Hon'ble Sir James Meston will now speak on the Financial Statement. "

The Hon'ble Sir James Meston :—" Sir, I have no further proposals to lay before the Council. "

The Hon'ble Sir Fazulbhoy Currimbhoy :—" Sir, I rise to congratulate the Hon'ble the Finance Member on the very able and lucid statement that he has laid before this Council.

" Sir, the war has fortunately terminated in a brilliant victory for the Allies, but we have still to bear the heavy military and railway expenditure in consequence of the war, and I, therefore, consider this as a war Budget. What India's military expenditure will be in the future will depend on the decision of the Peace Conference and the success that is attained by the League of Nations in securing the world's peace. I am, however, satisfied for the present that, in estimating the military expenditure for the next year, His Excellency the Commander-in-Chief has exercised the strictest economy, consistent with the imminent requirements of military efficiency.

" Sir, I welcome the elaborate programme of Railway improvement. I think it is a sound decision and its results will be good. The money is urgently needed for renewing the permanent way and rolling-stock, and looking to the new era of industrial activity, that is foreshadowed in the country, I think the results will be beneficial. It will facilitate the movements of raw materials and help our export trade, upon which we have to depend largely until our industries have been fully developed. In this connection, Sir, I beg to suggest that when a final decision is arrived at by the Government on the recommendations of the Industrial Commission, the Government will allot a large amount to the development of the industries of this country and so make it depend more on its own manufactured products.

" Sir, there is another point of importance, that of irrigation, which I should like to point out. The Hon'ble the Finance Member has referred in his statement to the various difficulties owing to the financial stringency and the depleted conditions of the staff, which have prevented the various projected irrigation schemes being undertaken. I hope, Sir, that important schemes like the Sukkur Barrage project, which affects Sindh, will be undertaken very soon along with the other irrigation projects in the Punjab. In a country like India, which is constantly in danger of being visited by famines, the construction of irrigation works is of just as much importance, if not more, as railways.

" Sir, coming now to that portion of the Budget which directly affects the commercial classes in India, I humbly beg to submit that the whole of the commercial community in this country have patiently borne all interference

with trade to meet the requirements of an effective prosecution of the war. They have never said one word of protest during the continuation of the war against taxes, which in many cases imposed large burdens on them. Many extra levies were made on them piecemeal, and this year they will have to bear the extra burden of the excess profits tax. Sir, I have already expressed the views the Indian commercial community holds about this tax when the Bill was referred to the Select Committee, and I still maintain that the levy of this tax will be a serious handicap to the industrial enterprise in this country. While stating frankly my views with regard to the consequences of this duty, I do not wish to upset any arrangement which, in the opinion of this Council, is necessary, but I would urge that as a compensation for the burdens which would be imposed on the business community in this direction, liberal concessions may be given to business men, wherever they do not entail a direct loss of revenue, or a direct financial outlay, and I hope that the Indian business-men also will come in for their share of the concessions at the hands of the Government.

" Before I conclude, Sir, I wish to congratulate the Government on the bold step they have taken in relieving a portion of the middle classes which was hit most by the rise of prices by raising the limit at which income-tax is chargeable from Rs. 1,000 to Rs. 2,000. The cost of collection would be greatly reduced by the elimination of so many small assessees. I would also submit that the yield, under this head, would increase very far beyond expectation, since the rules under the new Act involving a declaration of income have come into force. The increase will be welcome, and I feel that the concession, in regard to making up of any loss on account of the raising up of this limit, which the Finance Member proposes to make for the Provincial Governments, will not ultimately cost anything to the Government of India, because of the enhanced receipts under this head. The Hon'ble the Finance Member has mentioned in his statement that he has pitched his figures as high as prudence permits, but I still hope that, looking to the elastic conditions of the revenue of this country, the Budget will result in a larger surplus than expected. Sir, I beg to submit that a more liberal attitude should be adopted under the heads enumerated by the Hon'ble the Finance Member under Provincial Budgets, namely, education, industries, public institutions and services, developments of forests, agricultural experiments, etc. I would suggest to you, Sir, the omission of some of the limiting clauses in this, such as where the expansion of education is indicated with the proviso that, ' in directions where it has been hampered by war economy.' Sir, a free hand should be given to Provincial Governments to extend education and sanitation wherever it is possible; perhaps it would not be unwise to anticipate the proposals contained in the joint report of His Excellency the Viceroy and Mr. Montagu, in regard to Provincial finance, in leaving large discretion to the Provincial Governments to spend their own share of the divided heads and of provincial revenue as they like, and I would urge that the Local Governments should be free to draw not to a ' moderate ' extent only, as Sir James Meston mentions, but to the full extent, on the accumulated balances which now stand at their credit with the Government of India.

" In conclusion, Sir, while frankly giving expression to our opinions, I can assure the Government on behalf of the Indian commercial community that it will be their endeavour to help Government, as far as possible, in the difficult times which are ahead and to make the task of Sir James Meston as easy as possible by the fullest co-operation."

The Hon'ble Mr. G. S. Khaparde:—" Sir, this annual Budget is like the annual X'mas pudding. All Departments come, all guests are there, some of them are invited, others are, I suppose, uninvited, but anyhow everybody is there, and everybody looks forward to get something out of it. Well, in this case as usual, all the Departments are here and everybody that wants anything out of the revenues has made his demand and it has been met; some more fully than the others as usual. The Railway people, for instance, are masters of locomotion; they reached first, and they get about the largest slice out of the pudding, and these people appear to be very fortunate. They have been exempted from paying the excess profits tax, and

they are getting something more in the way of enhanced rates. They give nothing out of the enhanced rates that they charge for travelling. They give nothing out of the large amount of money that they make here on account of the great traffic. Furthermore, the Railway Kings think that their offices are located in England and they need not pay the excess profits tax here. They may be paying some tax in England, I quite agree, and very likely they will have to pay there, but at the same time they enjoy there all the benefits of a good climate and a good business centre. But I do not see why from the monies earned in India by the railways they should not pay their share of the profits to the State here.

"There is another thing about this matter. I do not grudge it. The soldiers have got about 33 per cent. and I do not grudge it, because after all they fought very well in the war and they should have it. I do not mind that amount. But to these Railway people I would not give so much. I would really give them half and distribute the other half between sanitation and education. After all, I suppose it is most important for a man to live, and the next important thing is he should learn how to earn something to live by and then enjoy the luxury of travelling and so on. So I would take away half of what has been given to the Railways and give it to education and sanitation.

"There is another matter which I forgot to mention, and that is this, there is one amusing figure in the charges for the Army. It is said in our sacred books that in the time of Rama, Ravana headed an army so big that he had Padma in those days. I do not know the exact figure, but it is said somewhere that it was beyond 16 million of drum boys in his army. Well, at any rate I do not go so far as 16 million, but we spent 8 lakhs—it is 8 lakhs —on paying barbers for shaving our army. That is rather a large figure, but it is still there.

"Then there is another matter, about the currency notes, which I wish to speak one word about. I should not have said anything about them but that there is a sentence in the Financial Statement saying that a time may come when these notes will never be cashed at all, that is to say, the notes will remain as notes. They might get notes in exchange for them I suppose, but they never receive any cash, they will never be able to claim any cash for them. I hope that will never be so, but it will be really a very bad day when it does, because the poor ignorant illiterate villager understands nothing about this paper currency, and he is always unwilling to part with his silver and gold, and if that bit of paper can never be converted into gold or silver, I am afraid the paper currency will have a very poor chance indeed. This arises out of the circumstance of which I spoke about last year, that much of our money is locked up in England. Generally all countries keep their balances in the country itself. If we keep all our balances here, then they would get into the banks and would find their way into circulation and thus help the merchants. I spoke about it last year too, and it was thought that because of the difficulties of transport, we began to keep our money here, and what money there was in England we tried to take it by drawing Bills on England payable in England, and in that way we tried to get all that money here. I hope that policy will now be pursued. One thing has materialised since then, and that is, that we have now got our own mints here and they are in full working order. England is a rich country, they do not really want money, they are very unwilling to pay interest, they pay about 2 per cent. or so, whereas, we borrow here at 5 per cent., so I think we had better keep all our money here.

"One more observation I wish to make, and that is about the raising of the taxable minimum. That is a great blessing to the poorer classes, because the limit of taxable income has been raised from Rs. 1,000 to Rs. 2,000. That will do a great deal of good, and I suppose a large number of these poor people will be very thankful to the Hon'ble the Finance Member for the concession he has shown them in this respect.

"Excepting this, the whole Budget is a war Budget and there is really not much to say. I feel very glad that it has been possible to introduce this piece of legislation in favour of poor people, namely, releasing them from paying any income-tax on incomes under Rs. 2,000 a year. That is all I have to say."

The Hon'ble Rai Bahadur B. D. Shukul:—"Sir, I congratulate the Hon'ble the Finance Minister, Sir James Meston, on the lucidity of the Financial Statement which he presented to the Council on the 1st instant, and do so particularly on the wise and statesmanlike precept with which he concluded his Narrative. Sir, I refer to that part of his statement in paragraph 77 which contains the very essence of the future financial policy of the Government of India as it were, and with which every one of us, as I believe, must be in complete accord. I mean the statement that 'coupled with courageous outlay on the essentials of progress, a strict economy in all non-essentials will in the near future be more than ever necessary than it has ever been.' I wish a beginning had been made in that direction in the present Financial Statement, but in that we are rather disappointed. Provisions made on the expenditure side for the ensuing year are distinguished by the striking feature that nearly 33 per cent. of the total expenditure will be consumed by the Military Department, and a heavy capital outlay amounting to £17·7 millions besides 14·4 out of revenues has been budgeted for the railways, while other beneficial Departments such as education, sanitation, agriculture and industries are allowed to starve. It is the huge expenditure on railways that I do seriously complain of, and I do so for two reasons. In the first place, I think it is quite unfair that any one department should be pampered at the expense of all the rest, and secondly, because the allotments proposed are, in my humble opinion, disproportionately high.

"The present moment, Sir, is a great one. Questions of very great importance pertaining to the re-adjustment of social, political, educational, agricultural and industrial problems are awaiting solution at the hands of the Government of India. It is but in the fitness of things that the Government of India should now gradually divert their attention from the problems of war to the no less complicated and urgent problems of peace and reconstruction. The war of physical forces has no doubt come to an end, but a new war, a war of still gigantic character, is yet to begin. I mean the world-wide economic struggle to which India can no longer remain indifferent. Truly it is said that the 'horrors of war are now over and the horrors of peace are in sight'. Great opportunities for material progress are present, and if you do not care to avail of these opportunities quickly 'the country,' I dare say, 'will sink into greater poverty than before'. Do not let the present opportunity slip and do not let the urgent domestic reforms stand over till the very opportunities created by war pass away, and then the Government and the country will have to pay a very heavy penalty for their neglect.

"Sir, India has already missed a great opportunity presented to her for the development of indigenous industries by the Great War, but there was no help. India was not prepared for the emergency. You never cared to make her sufficiently strong and self-reliant for the purpose, and what was the result? The imports from the enemy countries, no doubt, ceased as the result of war. But Japan stepped into the shoes and flooded the Indian markets with its own articles of merchandise and we remained where we were. That is why Lord Sinha in his speech at the Conference of the Overseas Press Centre declared that 'However efficient the system of government might be in India, it would be generally admitted that India is a very poor country, and unless the whole policy of *Laissez Faire* is changed, it is likely to remain so. India has not been prosperous for the long time past and is not prosperous now.' To those who think that India has made great profit during the war, Lord Sinha pointed out that 'the ownership of the Mills was exclusively British and that was where the profits went. They certainly did not go to the ryots who had to pay war prices for food, salt, cloth and other necessaries, but did not receive corresponding increased payment to meet their higher charges. India has been the hewer of wood and drawer of water for the rest of the Empire' and, Sir, I was not a little amused when in the face of this I heard the Hon'ble the Finance Minister say to the Council the other day that 'the good season of recent years and the full prices paid for agricultural produce must have accumulated unusual reserves of rural wealth and it may be expected that widespread or acute distress will be averted.' I dare say my Hon'ble friend is too optimistic. This is how the actual condition of the ryots is misunderstood and their interests suffer.

"The perusal of paragraphs 4 and 5 of the Hon'ble the Finance Minister's Narrative amply shows how the failure of a single year's monsoon is sufficient to create a situation of acute distress and widespread famine, and how more easily susceptible the rural classes are to the attack of virulent epidemics like influenza and plague than urban.

"As for famine and scarcity the people have hardly got any staying power left in them. With their uncertain and slender resources they do not find themselves in a position to tide over the difficulties created by a single year's failure of harvest. Although the Government gave a solemn pledge to eradicate famine from the land, when the Famine Insurance Fund was formed, and although an amount of one and a half crore of rupees is carried away towards the fund every year, yet it is a pity to find that an earnest attempt has not been made to infuse a new life as it were into the ryots by improving their moral and material conditions. Sir, the time has come when the utmost resources of the State should be husbanded and utilized for the purpose, and the Government should redeem their pledge.

"Sir, the health of the country is bad. Influenza alone has carried away six million souls at one sweep and has added a big item to the already heavy bill of mortality which the people of India have to pay to malaria, cholera and plague every year, as an outcome of the insanitary condition in which they live and the want of cheap and adequate medical relief. Major F. Norman White of the Indian Medical Service and the Sanitary Commissioner in his report on the influenza epidemic bears testimony to the fact that 'the rural areas suffered considerably more than the towns'. And why so? Obviously because the masses living in rural areas are relatively poorer and cannot afford to have proper nourishment and sufficient food.

"Famine, scarcity, plague and pestilence have become the permanent factors of the existing conditions of rural life in India, and so long as you do not take care to help the improvement of public health and the development of industries and agriculture, the conditions of the people will not improve. Hitherto the policy of the Government has been to care more for its own revenues than for the development of the people's resources, and that is what ought not to be. Sir, I am not alone in holding this view and I would take this opportunity of drawing the attention of this Council and the Government to what Sir O'Moore Creagh, the late Commander-in-Chief of India, says in his book styled 'Indian Studies'—'the vital importance of the land question,' he observes, 'is not understood either in England nor even by the Government of India itself. Although legislation about land is unceasing, it is not guided by any broad policy or intimate knowledge of the requirements of the dumb teeming millions who live directly or indirectly on agriculture, and it has become quite mechanical. The main object which the present land policy has in view is to screw money out of land. The official who carries it out thinks daily more and more of this and less about the condition of those who live in the land. There has been much discussion as to whether the tax taken from agriculture is too heavy or not. Certainly it is the heaviest tax on that industry taken in any country in the world and the worst of it is that it maintains an ever-increasing tendency. It is this tendency, Sir, which has to be checked. Other latent resources of the country must be tapped and larger sums have to be provided to enable the departments of education, sanitation, agriculture and industries to meet the ever-growing needs and requirements of the country. In that will lie the real salvation of the country.

"Sir, I therefore suggest that the allotment for the railways be reduced to half at least. No justification has been offered of the forward step taken by the Government in embarking upon such an ambitious railway programme. If we have been able to manage with the existing railway facilities so long, we can very well afford to wait for some time more.

"There are other crying needs of the country which have to be met, and to which I have already referred. By reducing the railway allotment as suggested by me, you will not only be in a position to sanction handsome grants for the purposes I have asked for, but you can also make a decent provision for the purpose of 'irrigation.' I for one am unable to make out as to why the Government should be so partial to railways. In my humble opinion irrigation should have as strong a claim upon the coffers of the State as the

railways. Money spent on irrigation is never lost. It not only adds to the resources of the people by increasing the yield of land and reducing the pinch of scarcity, but it brings in more profits to the State than the railways. The percentage of net profit to capital outlay on productive works of irrigation during the past four years has remained steady between 5 and 6 per cent., whereas the percentage of profit to capital outlay on the railways did not exceed 3·03 per cent. at the best, and for the ensuing year it is estimated at 1·79 per cent. only. I would, therefore, suggest that a portion of amount saved from the Railway allotment should be carried to irrigation and to other beneficial departments such as I have already enumerated.

"Sir, when I demand larger allotments for such departments as education, sanitation, etc., it should not be understood that I am unmindful of the financial difficulties of the Government of India at present. The Hon'ble the Finance Minister in paragraph 77 of the Narrative has referred to the question of finding out ways and means for meeting the various heavy liabilities that are hanging over the heads of the Government of India in several directions, and he enjoins upon us to be prepared for a relatively high scale of taxation to get rid of our superfluous obligations. In this connection I may be permitted to point out that, considering the chronic poverty of the people of India, it would be no exaggeration to say that India is already an over-taxed country. The great drawback at present is, that the fiscal policy of India is influenced by interests other than purely Indian. So long as India is not given fiscal autonomy and the control of its own tariffs, the difficulty of finances will always remain and India will never be able to command the necessary funds, which will be commensurate with her requirements.

"Sir, further, I fail to see why a considerable portion of the large reserves of Indian money, held in England, which have been steadily increasing since the war began, should not be partly utilized for the purpose of the industrial development in the country. In my humble opinion a sum of Rs. 15 or 20 crores or so out of the 50 crores of gold standard reserve could safely be drawn upon for industrial purposes.

"Sir, there is yet another subject of importance to which I wish to make a passing reference. I mean the export of foodstuffs, especially wheat, which, as pointed out in paragraph 6 of the Narrative, reached the record figure of 1,500,000 tons. Sir, the people living in this country, in my humble opinion, have the first and foremost claim upon the produce of the land, and it is only the surplus grain over and above their actual wants that should be permitted to leave the shores of India. Is it fair and just to the people, I may be permitted to ask, that while famine and scarcity prevail in the country, thousand and thousand tons of wheat should have been allowed to be exported . . .

The Hon'ble Sir Claude Hill:—"I would like to intervene at this stage and ask the Hon'ble Member to what period he refers."

The Hon'ble Rai Bahadur B. D. Shukul:—"I refer to the period just before the recent restrictions on the export of wheat were imposed.

"Sir, before I resume my seat I wish to draw the attention of the Government and that of the Council to the two immediate needs of the Central Provinces, namely, the University and the High Court, which have to be provided for, and this the Government should have in view. Last year when I moved a Resolution with regard to the former the Hon'ble Sir Sankaran Nair assured me that the matter will not be delayed any longer than was necessary. About a year has passed since then and practically nothing has been done. The question may now be taken up in right earnest, and I request that the necessary legislation for the University of Nagpur may be introduced at the next Simla Session and that necessary provision for the University may be made in the Budget for the ensuing year. As for the second, namely the High Court, the Hon'ble Mr. Dadabhoy moved a Resolution to have the existing Judicial Commissioner's Court raised to the status of a Chief Court, and an assurance was then given that the Local Government would be consulted, and there is no knowing what action has been taken since then. I am glad to notice that provision has been made in the Budget to raise the Chief Court of Punjab to the status of a High Court, and I hope the claims of the Central Provinces in this matter will not go unrecognized.

"Sir, I have done. I have only to thank the Hon'ble the Finance Minister for raising the taxable minimum of the income-tax to Rs. 2,000, which will go a long way indeed to afford substantial relief to the people of the middle classes—men of average means who have been seriously hit by an abnormal rise in the cost of living due to high prices."

The Hon'ble Rai Sita Nath Ray Bahadur :—"Sir, the Council is grateful to the Hon'ble the Finance Member for the lucid statement he has made regarding the financial position and the estimates. He has taken us over the financial field with great tact and consummate ability.

"This is a Budget, if I may say so, of surprises and disappointments, and, I am sorry to say, the disappointments overshadow the surprises. The meagre provision for sanitation, education and the development of industries is a matter of great disappointment. For I cannot conceal from myself the fact that we had all along entertained high hopes that, with the cessation of war and the return of normal times, large sums of money would be available for the spread of education (I refer particularly to primary and technical education) without which, as the Hon'ble the Finance Member rightly observes, 'our political progress would be largely nugatory,' the improvement of sanitation and the establishment of industries in the country. The obligations of the Government in these matters have always been realised and admitted. And it would have been in the fitness of things if the victorious termination of the war in which India has borne her share of sufferings and sacrifices, had been signalised by the adoption of a more liberal policy in the matter of the discharge of these obligations. It would have gone to reduce, if not remove, discontent which furnishes breeding ground for the baneful germs of anarchy and Bolshevism which we all detest.

"The Financial Statement presented by the Hon'ble the Finance Member is one which belongs to the period of war as also to the period of peace—with the prospect of reconstruction looming large in the horizon. I wish he had told us a good deal more about the reconstruction schemes which the Government of India, along with the other civilised Governments, must take up. England has already formed her Ministry of Reconstruction, and a Reconstruction Board in India would not be out of place. I am of opinion—and my apprehension is shared by some of my colleagues—that if we lag behind and fail to move with the changing conditions in a world which is now in the crucible, we shall have reasons to repent in the future. This matter deserves the consideration of the Government of India.

"The only tangible scheme of reconstruction placed before us is a huge provision for the railways amounting in all to something like £24 millions, exceeding Lord Inchcape's bold estimate by about £12 millions. The Council is aware that from my place in this Council I have repeatedly advocated railway extension and sufficient financial backing to support it. Last year we were told by Sir William Meyer that with continued wear and tear of rolling-stock and absence of adequate facility for renewal, a time must come at which the railways cannot carry all the passengers and tonnage that they might otherwise convey. The situation was serious ; and I, as a member of the mercantile community, know from personal experience the inconveniences which have been suffered by the people for want of rolling-stock. Even now with superhuman efforts one can hardly secure wagons for the transport of goods. Yes, to many of us it is a marvel that the railways have been able to do what they have done with a wholly starvation-allowance for even their barest necessities. And I agree with the Hon'ble the Finance Member that we should cheerfully assist the Railway Board in making up the necessary lee-way. The allotment for renewals must be welcome. But I have seen the allotment of £17$\frac{3}{4}$ millions for 'Capital Programme' adversely criticised as far in excess of the requirements. It has also been said that much of the rolling-stock could be saved by proper reorganisation of transport arrangements on European or American methods. This, Sir, is a highly technical question, and I feel great diffidence in mentioning this matter to the Council. I am, however, only voicing the informed opinion of a number of men who have had considerable railway experience. It was in Lord Curzon's time that the late Mr. Thomas

Robertson came here and reported on our railway system. Time has come for another periodical inquiry into the whole organisation, including the Railway Board.

" Next in order comes the expenditure on the Army which the Hon'ble the Finance Member has provided for at £41 millions. " To a man of peace this is a huge amount. But we have the satisfaction of knowing that we have in His Excellency the Commander-in-Chief one who is a keen economist; and we must rely on him for retrenchment and economy. Though I cannot reconcile myself to the notion that in future our army must cost more than in pre-war days, we can be reasonably sure that money allotted would be spent to the best advantage of the army and the country. Sir, £41 millions against our normal of £20 millions is, however, a great burden on Indian revenue. Out of the £41 millions, £8½ millions represent India's additional war contribution undertaken by this Council in September last. Thus the actual increase comes up to about £12 millions. And this is, indeed, a substantial increase for a poor country like India—a vast peasant Empire where comparative prosperity depends on the caprice of the clouds and famines recur with the periodicity of climatic changes. I take this opportunity of mentioning that in view of the Mesopotamia Commission Report our whole military system requires careful re-consideration. We have now reaped the harvest, the seeds of which were scattered in agony and tears, and the time has come when careful attention should be bestowed upon the findings of the Commission which could not be considered at a time when the responsibilities of the war absorbed all our energies, and we all supported the Premier when he deprecated their discussion and said 'Get on with the war.' I must say that while the country will not grudge legitimate expenditure on the army, that expenditure should be commensurate with its fiscal capacity.

" There has also been a substantial increase of expenditure in the Civil Department. A provision of £24 millions has been made against an average of £18 millions. I confess that I fail to see where the economy comes in. In the concluding paragraph of his Statement the Hon'ble the Finance Member has emphasised the necessity of exercising rigid economy. This certainly is a consummation devoutly to be wished. And I would like to know how the Hon'ble the Finance Member proposes to translate his wishes into action. My own conviction is that the mere issuing of circular letters will not be of much use.

" Sir James Meston has given us a frank and graphic account of our currency position. He has referred to the hoarding habit of the people. Sir, old superstitions die hard and no wonder the superstition about the hoarding of silver by poor people still flourishes in official circles. But the sooner our Finance Members get rid of the incubus of the mythical millions buried underground, the better for us. I hope to be pardoned when I say that from my experience I can assure my Hon'ble friend that the hoarding habit no longer exists. People now try to invest their savings, however small, to secure a return; and the success of the Cash Certificates is an indication of the eagerness with which people seek outlets for investment.

" Sir, in conclusion, I thank the Hon'ble the Finance Member for the relief that he has given to 237,000 assessees out of a total number of 381,000 assessed to the income-tax. The amount sacrificed is such as the Government of India can well afford to sport with, but at a time when prices have gone up and scarcity has cast a gloom over the country, the relief afforded will be much appreciated by the middle classes who have suffered most by the abnormal rise of prices. Moreover, the relief afforded is well deserved; for, no class of assessees is more harassed than that on the lowest rung of the ladder of assessment."

The Hon'ble Maharaja Sir Manindra Chandra Nandi:—

" Sir, the first Financial Statement of Sir James Meston is at once a great surprise and a riddle. I quite realise that Finance Members have not the opportunities of writing on a clean slate, and they are generally not the masters of the circumstances through which the fortunes of a country pass in years of crisis. Sir James Meston, in the Statement which he presented to this Council last

week, has had to deal neither with *ante-bellum* nor *post-bellum* condition of things, nor is it quite a war or a peace Budget either. Naturally he has to deal with very large military commitments, and faces all the legacies of a long and arduous war in a heroic spirit. While he is not afraid to raise money in both hands, he does not seem to be very nervous in spending it generously either. While he preaches throughout his Narrative the wisdom of the gospel of retrenchment and economy, he seems to cast this doctrine very often to the winds and go in boldly for daring expenditure. As a result of this state of financial mind, he takes the fundamental principle of economics upside down and, unlike ordinary human calculations, he does not cut his coat according to the cloth he has, but examines the needs of the spending departments of the Government in order to arrive at a total revenue which will be necessary to provide for them. This appears to me to be a novel economic dogma and an unwise fiscal theory.

"I hope I will not be misunderstood when I criticise Sir James Meston's first Budget as a great financial surprise. I find him remitting taxation on the one hand, while raising revenue of the State by a fresh taxation on the other. Yet he fails to take courage in both hands to raise our revenue from opium, lest our respect for conventions may be misinterpreted by well-meaning humanitarians and philanthropists in other parts of the world. It may not be generally known that, while we have sacrificed a huge revenue for a mere mawkish sentimentality, China is not at all feeling abashed to cultivate poppy in her own soil and offer numerous temptations to her people to smoke and drink opium. I am sorry Sir James' courage has failed in a singular way to tackle this opium question adequately. With no other additional sources of revenue in hand, I do not blame Sir James for imposing a tax on excess profits When you have got to raise your revenue by taxation, it is well that the burden should fall on the capable shoulders of the well-to-do rather than on the broken back of the never-do-wells. I take this opportunity, however, of congratulating Sir James for the only fiscal concession which has been granted to the people of this country in his first Budget. In view of the present high range of prices of all necessaries of life, it is a great satisfaction to note that no fewer than 2 lakhs and 37 thousand Indians, belonging to the middle classes, will no longer be caught in the meshes of our income-tax levy. It would mean a great relief to these people. On the revenue side of our finance, Sir, I have no other criticism to make.

"I now pass on to the expenditure side of the Budget, and I sympathise with Sir James for his having to meet the legacies of a great war. I have no quarrel with Sir James for his heavy military disbursements, but it strikes me as something very wrong that a country which has no more than £123,190,800 as its total revenue should be asked to spend £41,195,000, or nearly a third of it, on her military services alone. It is a great pity that a poor country like India should be saddled with England's war expenses in Mesopotamia and East Africa, but I suppose we had no alternative. I only hope that, when the world enters into a new era of peace, our normal military requirements will figure as only a minor item in the Budget, and that our State finance shall not again be allowed to 'be outpaced by the imperative demands of military efficiency.'

"Speaking of military expenditure, I beg to avail myself of this opportunity to ask for more commissions in His Majesty's army for qualified Indians and greater facilities for our people to get admission into it I hope the time will soon come when it will be possible to pay our soldiers a higher scale of pay and give them more decent accommodation and barracks to live in and when citizen armies will be trained to do garrison work in times of need and emergency.

"I do not also intend to join issue with Sir James for his daringly optimistic railway programme. I am not the man to jib at railway expenditure, for I realise what a great asset our railways are to the State, or how necessary they are for the distribution of the agricultural produces of the country. The railways appear to me to be the only item of our public expenditure which benefit both the State and the people equally well. So I do not grudge Sir James spending more than £17½ millions upon capital outlay on railways alone for the next year. I pray, Sir, you will allow me leave to express the

hope in this connection that our railways should be nationalised as early as possible, the main lines should be put under State management immediately, and most of the materials required for them should be manufactured in India so far as possible.

"While I recognise and appreciate Sir James Meston's effort to make a courageous outlay on one of the essentials of modern progress, I regret he does not take a very bold step or initiate a courageous policy for the proper development 'of our national intelligence and earning power.' Sir James, unfortunately for us, contents himself by expressing the pious hope that in near future 'we shall have to launch into very heavy expenditure for the education and well-being of the people, without which our political progress would be largely nugatory.' How we wish that Sir James had budgetted for a courageous outlay on our education, sanitation and industries, without the proper development of which we shall never be able to stand or get on as a nation. British rule in India would have been greatly justified to-day before the eyes of the world if, after so many decades, the percentage of literacy in this country could have been shown at a higher figure than 50 per cent. instead of less than 10 per cent. that obtains at the present moment. Our developments in industrial and sanitary conditions have been equally disappointing, and very badly need looking after. While Sir James stints money for education, sanitation and industries, he gives away 2 million pounds to the British troops as war bonus. This attitude of Sir James is a riddle which perplexes me very much.

"Sir, I will mention one other point before I come to my conclusion. Sir James is an optimist financier and believes 'in the accumulation of unusual reserves of rural wealth,' and thinks that 'there is much diffused prosperity in the country which even high prices and local scarcity cannot seriously impair.' Sir James, I am afraid, has very little knowledge of the real condition of our people, and how hard they have been hit by the persistently high range of prices of all the necessities of life that have obtained in this country since nearly a year. The condition of a people, amongst 30 crores of which about 2 lakhs and 27 thousand only are able to invest small sums in State loans, at even $5\frac{1}{2}$ per cent. of interest, and amongst which also 3 lakhs and 81 thousand men only earn more than Rs. 1,000 a year, and whose average annual income does not exceed Rs. 30 a year per head, must be considered very low and must be a special anxiety of the Government. For such a people to be hard hit by high prices opens up a vista of sorrow and suffering, miseries and privations, which no language can sufficiently describe. If it is a fact that these high prices have been forced up by general world-factors and by the inflation of our paper currency, it is high time for the Government to look into the whole question with great care and consideration. I find in the Budget itself several statements made by Sir James himself regarding this unwelcome inflation, though we are assured it has not been allowed to go 'beyond the sheer necessities of the time.' The 'sheer necessities of the time' require a very satisfactory explanation, when we find that, while our paper currency stood on the 31st of March 1915 at $55\frac{1}{2}$ crores, to-day it is about 150 crores. I know that every belligerent country in the world has had to finance itself in some measure by an abnormal recourse to the inflation of paper currency, or, as Sir James puts it, to the printing-press, but I am afraid the conditions of India do not go on all fours with those of the other countries of the world. Sir James himself admits that expanded currency, particularly credit, which takes the form of paper money, has a tendency to send up prices of things high. If that be so, and distinguished economists in different parts of the world maintain that it is so, then the Government must move at once to set matters right. A denunciation of India's 'sterile hoard of precious metals' and of 'the unassuaged thirst of her people for metallic currency'—which has been responsible for the addition of nearly 120 crores of rupees to our currency during the last four years,—may indicate the nature of the sore but is no remedy by itself. Sir, I appeal to Government to give this matter their most anxious consideration, for high prices of all necessities of life mean a lot of suffering and trouble to a people so poor as we have in this country. Sir, I do not care to repeat here the truism that a discontented and a hungry people stands as a great danger and menace to the peace and prosperity of a State."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, before I address myself to the substance of the Budget, may I be permitted to offer my congratulations to the Hon'ble the Finance Minister on the form and the manner of his presentment. Sir, owing, it may be, to a constitutional infirmity, or speaking as a Hindu, owing perhaps to my sins of omission and commission in a former birth, the figures, the dry-as-dust figures of a Financial Statement, have a profoundly soporific effect on my nerves; they are apt to put me to sleep. But, Sir, on Saturday last as I listened to the speech of my Hon'ble friend the Finance Minister, my interest was roused, my attention was rivetted, my soporific tendencies for the moment disappeared, and when his speech was over I was filled with admiration for the clearness, the force and the skilfulness of his presentment.

"Sir, various criticisms have appeared in the newspapers regarding the Budget statement, and we have had a repetition of those criticisms in this Council Chamber to-day. One newspaper commenting upon the Budget says that in one sense it is a peoples' Budget. Another newspaper belonging to a different school of thought observes that it is ominous; a third says that it is disappointing. In the midst of this conflicting guidance, the situation becomes somewhat puzzling. If our guides sing in these divergent and contradictory tunes what should we do? It seems to me, Sir, that our duty is plain. We should be a law unto ourselves, and I take it, Sir, that it is the high and exalted function of this Legislative Assembly—it will be one by and by—to give the lead to public opinion and to determine its attitude. For a Finance Minister at a time of stress and strain to remove taxation yielding an annual revenue of Rs. 75 lakhs, because it presses hard upon a poor section of the community is a financial achievement which is bound to appeal to the popular imagination and evoke popular gratitude. Sir, no financial reformer, not even the most ardent of his class, has ventured to make this suggestion on an occasion like this. The conception is the Government's own, and the Government has carried it out without the intervention of extraneous advocacy or extraneous pressure. Sir, we are here more or less critics of the Government, some of us very relentless critics, but I say that we should render unto Caesar the things that are Caesar's. Sir, to remove a tax of this kind and to impose another tax upon super-profits is evidence of the spirit of democracy leavening a bureaucratic administration on the eve of the introduction of responsible government. May this spirit grow and deepen, for nothing is more calculated to smooth the path for the introduction of representative institutions and to ensure their success than a broad-minded, sympathetic, democratic spirit like this. Sir, while there are those who have been making large profits as the result of this war, there is no class of the community which has been more hard hit than those in receipt of moderate and fixed salaries. Prices have gone up; their incomes have remained the same; their sufferings are great. To them the raising of the taxable minimum of the income-tax from Rs. 1,000 to Rs. 2,000 would be a welcome and grateful boon. And, Sir, this uprise in prices is a world-wide movement, and India cannot escape it. I take it, therefore, that the relief now given will be a permanent feature of our financial arrangements, and the fact that the Government of India, though confronted with enormous financial difficulties, should introduce this reform, is, to my mind, evidence of its firm determination to make this relief permanent, and that there will not be, as in the case of salt, a reversion to the old scale. For it is not expected that prices will go down to their former level when normal conditions have been restored. In the same spirit and in conformity with it, it is a small matter, but I feel bound to notice it, the Government has made a grant of a lakh and a quarter to the Bengal Government to increase the pay of the ministerial establishment. Sir, this was a question in which I took deep interest while I was a Member of the Bengal Legislative Council. I pleaded for these clerks in the ministerial establishment, and I am glad that I did not plead in vain, and I find that the process of amelioration is now proceeding apace. In this connection may I make an appeal to my Hon'ble friend the Finance Minister in regard to a memorial which has been addressed to the Government by the clerks of the Accounts Branch of the Postal and Telegraph offices praying for an increase of their salaries. It is a long-standing matter. Their grievance

has not been looked into ; it has certainly not been remedied, and I trust my Hon'ble friend will be good enough to pass early and sympathetic orders in regard to this matter.

" Sir, I find it stated on page 10 of the Financial Statement that it has become necessary again in the interests of the poor to commence the manufacture and the distribution of cotton cloth. In reply to the question which I put and which has been answered to-day, the Hon'ble Sir Thomas Holland has admitted the fact that there has been a steady rise in the price of cloth. I suggested the remedy. The remedy has not at present, at any rate, been accepted. I do not know what the action of the Government would be in regard to this matter, but I do know as a public man intimately associated with public affairs that the tactics of the speculators have played a considerable part in raising the prices of the necessaries of life and of cotton cloth in particular. Sir, rice at the present moment in Delhi, good rice, is selling at Rs. 18 to Rs. 20 a maund, almost a fabulous price, a famine price. In Bengal, it is a little better. But in October last when the upward trend first began to manifest itself I interested myself in the question and found from my personal inquiries that the rise in the price was largely due to the holding back of stocks by interested persons who wanted to force up the prices. Speculation by traders is the gravest problem in the interest of the poor for the consideration of the Government. What the solution should be I do not know, it passes my comprehension, I am not an administrator, I am not a Statesman, but I do venture to submit with all the emphasis that I can command that it is a problem which in the interests of the poor the Government is bound to take in hand and find a solution, whatever it may be, and that as early as possible. The ungrateful personality of the speculator has thrust itself into far greater prominence than should have been allowed and has helped to raise prices. It seems to me that the Government must find a remedy for that.

" Sir, let me now refer to the statement of the critic who says that the Budget is ominous. That critic belongs to a school of thought different from my own. He has not taken me into his confidence. I do not know what is at the back of his mind, but I suspect that what he means to suggest, what he intends to imply, is that the military expenditure is excessive. It is undoubtedly very large and it has to be justified. But, Sir, we must recognise that we have just emerged from a great war, that the situation is peculiar, that the conditions are abnormal. The safety of India, the safety of the Empire with which the prosperity of India is bound up, with which are linked the prospects of our future advancement, must always be the first and foremost consideration. No educated Indian will grudge the expenditure that may be necessary for this purpose. But every educated Indian, in view of the enormous expenditure that has to be incurred in connection with our domestic and industrial developments, will also insist that this expenditure should be reduced at the earliest possible opportunity. There is indeed a downward trend. The expenditure of this year has been reduced by £2 millions below that of last year; but it has been increased by £8 millions in consequence of the grants that were made in this Council. Be that as it may, we the representatives of the educated community, assembled round this table, we insist that in the re-adjustment of the financial burden in regard to military expenditure between England and India, the amplest justice should be done to the interests of India. That has not always been done, I am sorry to have to say. I invite the attention of Hon'ble Members to the minority report of the Welby Commission of 1897 signed by Mr. Dadabhoy Naraoji, Sir William Wedderburn and Mr. Caine. They distinctly point out that in many past transactions— I hope it is ancient history—in many past transactions the financial interests of India have been sacrificed by the dominant partner. Let me, however, gratefully acknowledge that the Government of India have always championed the interests of India and have pressed for financial justice to this country. I am sure the Government will follow its ancient and traditional policy and with even greater emphasis than before, in view of the claims of our people confirmed and consecrated by their blood and their treasure. My Hon'ble friend to my right referred to a bonus of £2,000,000 which has been granted to British troops. I should like to know something about the details. I do not wish to make any comments on that, unless I am in possession of the necessary information ; but, Sir, it will be in the

recollection of Hon'ble Members of this Council that at the Delhi Conference held in April last a unanimous resolution was adopted in favour of a substantial increase in the pay of Indian soldiers. Sir, the Indian soldiers have deserved well of their country and of the Empire. Their gallantry and devotion are beyond all praise. It is necessary in their interests, as well as in our own and in those of the Empire, to improve their status and increase their emoluments. If an addition is made to the pay of the Indian troops, I will undertake to say this on my own behalf, and I trust on behalf on my Hon'ble colleagues here, if an addition is made to the pay of the Indian troops and if it adds to the burden of our financial responsibility, we shall be glad to bear it in the interests of these poor men who made such large sacrifices and are prepared to make even heavier sacrifices for the sake of the Empire. I have spoken of an improvement in their emoluments. There ought to be also a raising of their status. My Hon'ble friend to my right has referred to the grant of King's Commissions to Indians, six of them to fighting men and six of them to non-belligerents. I am bound to say that the number is inadequate, inadequate in view of the claims of our vast population. I would earnestly appeal to His Excellency the Commander-in-Chief to add to the number, to raise the status of Indian soldiers, and thus spread contentment and satisfaction among our people.

"One of the *post*-war problems that is likely to engage attention is the replacing of the Territorials who are now employed in this country. The wisest course to follow would be that they should be replaced by Indian battalions. This would ease the financial situation, spread contentment, pave the way for the formation of a Territorial army in India. The war has taught us many lessons, not the least notable of which is that India should be self-reliant and self-contained. So far as our numerical strength is concerned, we are as multitudinous as the stars of heaven, as countless as the sands of the sea. Why not organise and equip us and thus England may bid defiance to any combination that may be formed against her? I have an appeal to make to His Excellency the Commander-in-Chief in this connection in favour of the Bengali battalion that has been raised. I hope that battalion will not be disbanded. I hope their number will not be reduced. It will cause very grave disappointment in Bengal. The experiment is one that ought to succeed under proper encouragement and proper safeguards. Sir, you talk of anarchy and revolution, and we have been dealing in this Council Chamber with those problems. Find employment for the adventurous youths of Bengal in suitable military positions, and you will have taken a long forward step torwards creating an atmosphere which will be an antidote to revolutionary and anarchical movements. These young men are adventurous, they want to risk their lives and do something daring. Place them in the front rank of battle if you like, expose them to the enemy's guns, then their ambition and their spirit of adventure will be satisfied, and you will have provided an antidote against anarchical crimes.

"Sir, reference has been made to railway expenditure. £24 millions have been budgetted for. I do not grudge it, I do not want to minimise the importance of railway expansion, but there are other branches of public expenditure, 'essentials of progress' to quote the words of my Hon'ble friend the Finance Minister, which have been starved, in regard to which no suitable stimulus has been provided in this Budget. Take for instance education and sanitation. I have got some figures for comparison. Railway expenditure for 1919-20 is put at £17,700,000, which means a 300 per cent. increase over that of the previous year, education £4,884,000 for 1919-20 as against £3,973,000 for 1918-19. Sanitation £957,000 as against £688,000 for 1918-19. In truth expenditure on railways (£24 millions), including capital and revenue expenditure, has increased over the revised figures of 1918-19 by 300 per cent., while expenditure on education has increased by 22·9 per cent., and that on sanitation by about 39 per cent.

"Well, Sir, sanitation is the most vital of all our problems. People must live before they can travel by railways or profit by them. In Bengal, malarial fever counts its victims by lakhs every year. We have had this terrible scourge in our midst for over 60 years. They have had it in other

parts of the world; you have had it in England; they had it in Italy; they had it in Panama. Everywhere the problem has been solved; in India alone, I am sorry to have to say it, the problem remains unsolved. Am I to understand that British statesmanship—which, in the words of Lord Morley, has never been found wanting—is unable to cope with the situation? I do not and cannot accept this view. British statesmanship in this matter has not done justice to itself. British statesmanship in this matter has not roused itself to the gravity of the situation. It is wanting in that earnestness which is the essential condition of all statesmanship. You have provided 13 lakhs for next year for anti-malarial operations in Bengal. Of what avail would be 13 lakhs when crores are wanted? Then there is the plague which is always present with us, counting its victims by millions. Take again that terrible visitation of influenza which has exacted a toll of 5 millions of our population. Now, Sir, I want to put this question to the Hon'ble the Finance Minister—if ours was a national government—would this state of things have been allowed to continue for so long? You are moving, rapidly moving, if not in respect of your personnel, at any rate in respect of your ideals and aspirations, towards a national government. I invite my Hon'ble friend the Finance Minister to imagine for a moment that he was the Minister of a national government. Would he then hesitate to transfer a few millions from railways to this great Department upon which the health, the lives, the happiness and prosperity of millions of my countrymen so largely depend? I think not. Would he be jeopardising railway development if he were simply to transfer 2 or 3 millions from railways to this head? And after all the health of a people is their truest wealth, their most valuable asset, the indispensable equipment for industrial, political, social and all kinds of advancement.

"Next to sanitation, I place education as its ally and helpmeet. For the ends of national advancement, for the advent of that era to which we are all looking forward, officials and non-officials alike, education is the one indispensable condition. If you want that responsible government should succeed, that we should build up an educated electorate, that we should train our young men to be the future captains of our industries, that our masses should be penetrated with sound sanitary ideas, education again is the one indispensable condition. Next to the maintenance of law and order, education is the first and foremost consideration of Government. The preservation of the public peace, Sir, is only a means to an end, and the end is always greater than the means. And what is the end? It is the happiness, the contentment of the people; their growing efficiency; their increasing responsiveness to their civic duties. I appeal to the Government of India to apply themselves to this exalted function, by making adequate provision for education and sanitation. My suggestion would be: Take away 5 millions from railways, give 3 millions to education and 2 millions to sanitation. My Hon'ble friend the Finance Minister has urged—I quote his own words—a 'courageous outlay on the essentials of progress'. Could there be two more fundamental essentials of progress than sanitation and education? I appeal to him to stand by his own programme, to redeem it, to educate our people, to spread broadcast the blessings of health and happiness. The village homes of India have been depopulated by the prevalence of insanitary conditions. It is the supreme duty of the Government to restore happiness and contentment, health and prosperity, to them. I am sure my Hon'ble friend will realise the gravity of his responsibilities, when to him is entrusted the task of saving the lives of millions of our people and educating them as they desire and deserve to be educated to the height of their civic duties."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, the Hon'ble Sir James Meston is entering on his new official career with the blessings of at least 2½ lakhs of people, men with that modest fixed incomes who will be relieved of the liability to income-tax—a relief which will be greatly appreciated in these hard times; and on their behalf I wish to offer my most cordial thanks to him. Sir, to a Hindu like me, this is a happy augury, and I sincerely hope and trust that he will be able to go further in the same direction and before laying down the reins of his high office will be able to take off that

obnoxious tax—the Salt Tax—which deprives the poor man of what is looked upon as a luxury but what is really a necessity of life.

"Leaving on one side this pleasant aspect of the Budget, I must express my sense of disappointment at the Budget as a whole. The outstanding feature of the Budget is, to my mind, the colossal growth of expenditure, Civil and Military ; a huge provision for Railways, and an absence of any generous measure of amelioration for the millions tottering under the weight of their utter economic helplessness. Sir, this is the first Budget after the War, and regard being had to the fact that very acute distress is prevailing in all parts of the country, regard being had to the fact that during the War restrictions had been placed on expenditure on all projects for the promotion of social and national progress, one expected to find some proof of the practical application of the dictum laid down by the Hon'ble the Finance Minister 'courageous outlay on the essentials of progress and a strict economy in all non-essentials.' But what do we actually find? We find civil and military expenditure mounted up to an almost giddy height. We find an almost fabulous provision for railways; but nothing worth mention for subjects like education, sanitation and medical relief. I ought to say, Sir, that we desire railway expansion. It is absolutely necessary as an adjunct to an era of industrial activity which we need for the good of the country, and especially for the easy and speedy transport of foodstuffs. But, Sir, the pace of railway development must not be disproportionately high, it must bear some proportion to the capacity of the country to afford this programme. Sir, it will be said that these are repetitions of old complaints. Well they are so, but is it our fault that we have to repeat these complaints year after year? Why do you not remove the cause of our complaints? Take, for instance, the question of medical relief and sanitation.

"We heard the other day from the Hon'ble Sir C. Sankaran Nair and this statement is confirmed in the report on influenza which has just been published by the Sanitary Commissioner, Major Norman White. To quote his words 'without exaggeration the toll levied in British India alone by influenza is no less than five millions, and fifty to eighty per cent. of the whole population have been affected by it.' He says that 'this total is more than half the mortality from plague within the twenty years' that it has been our guest, and that fifty to eighty per cent. of the total population has been affected.' He further says :—'In many countries the epidemic assumed proportions of a national calamity; this was certainly the case in India. From the incomplete information at present available, it would appear that no country suffered as severely as did India during the last quarter of 1918.' Can anything be more appalling than this, Sir? What have you done to prepare the country, to arm the people better to meet epidemics and visitations like these in future? You have piled crores upon crores for civil and military expenditure and upon railway construction, but what have you done for health? It may be said, no doubt, quoting from the words of Major Norman White, that 'had we possessed health and medical organisations comparable in efficiency to those of the most progressive States in the world, we should even then have been unable to effect anything appreciable to check the ravages of the disease.' But he at the same time admits that our health organisation is absolutely inadequate and demands immediate expansion. What has been our experience during the epidemic? It was felt and realised everywhere that we could not get the smallest fraction of medical men required in the country. Speaking from my experience as chairman of one of the first class municipalities in Assam I say, Sir, that even in towns we could not get men with even moderate medical qualifications for the purpose of distributing medicines and reporting the progress of the disease although we offered tempting terms. How could it be otherwise? What is the position as regards the supply of medical men in the country? Take the case of Bengal, for instance, which has got the largest number of medical institutions, Government as well as private. In Bengal, the number of medical men with registrable qualifications is only some 3,000. What is this in a population of 45 millions? A mere drop in the ocean. Can this be at all a hopeful state of things? Where are the people in the rural areas, the poor people to go to when they require medical help? Who

can tell the number of men who died for want of medical assistance? Well, Sir, this is the condition of the whole country, not in Bengal only. I believe, Sir, in the whole of India there are only five medical colleges and 15 other medical institutions. Is this at all adequate? The number of seats in the colleges is limited. I know that in the Calcutta Medical College they cannot admit more than one-tenth of the applications for enrolment. There is no reason to believe that the state of things in other Provinces is much better. Well, something must be done to remedy this. I would ask you to take steps for multiplying the supply of medical men. It is not necessary that you should supply highly qualified graduates; men with modest qualifications will do for the rural areas. In this connection, I must regret that the unanimous resolution of this Council passed in 1916 which had the approval of the late Sir Pardey Lukis and Sir Reginald Craddock to establish medical institutions in the whole of the country, to teach medicine in the vernacular, to turn out a large number of practitioners for rural areas, has not been given effect to. I respectfully urge, Sir, that the decision of the Government should be reconsidered. If that resolution had been carried out, I am sure that during the late epidemic we would have had a much larger number of men to assist us in the rural areas. Sir, it is a matter for regret that not only is there no substantial allotment for sanitation and health, but health is not even mentioned as one of the subjects for expenditure on which Local Governments are now permitted to draw on their cash balances, presumably on the ground that expenditure on health is not reckoned as remunerative. Is it necessary to point out the fallacy of this assumption? It has long been exploded in England. I do hope, Sir, that something will be done for this. I would suggest that you make a big cut, a big slice from the huge railway budget and distribute it on sanitation and education and other projects like these. Then, Sir, I must say that I am disappointed to find that there is no mention of or provision for industrial development. No doubt, you are perusing the report of the Industrial Commission and considering it; but while you are perusing and pausing and pondering valuable time is passing. The war came and is as good as gone, but we are still standing where we were, passive lookers-on, not passive resisters, in our utter helplessness and realise our absolute dependence on others, while our markets are being captured by other people because we are not prepared. I would suggest, Sir, that there ought to be some provision for industries, cutting it either from railway or military expenditure. The other day we were encouraged by the message of hope and sympathy which His Excellency as Chancellor of the Calcutta University delivered to us at the last Convocation. He said 'we do not want mere Indian capital. We want men and not Indian men only, as labour, but as leaders who will turn their attention to industrial enterprises and equip themselves for a great industrial regeneration in India.' Let not the hope which was raised be deferred and deferred till the heart becomes sick.

"Then there is no reference, Sir, to the acute distress which I have already said is prevailing in almost all parts of the country. Famine and scarcity are localised, confined to specified parts of the country, and we are grateful for the provision made for famine expenditure. But what about the distress caused to a much larger population by oppressively high and ruinous prices for almost every commodity? We will be grateful, Sir, if some of the more ambitious projects be cut down and the money diverted to some measures for alleviating the misery of these people.

"Then coming to the military expenditure we provide for 41⅓ millions more than half the total revenue; deducting the special contribution of £8·7 millions, we find our ordinary expenditure is £32⅔ millions. There is an increase of 10 millions in four years, the expenditure in 1915-16 having been £22,261,353, and an increase of 13 millions over the Nicholson Committee's recommendations. Now this enormous sum of £32⅔ millions does not provide for any increase in the number of troops; the increase in expenditure is entirely due to increase of salaries and provision for equipment. I hope, Sir, that the Indian point of view will be realised, and that some portion of this increase will go to the Indian sepoy. It must be obvious that you cannot go on increasing military expenditure like this indefinitely without endangering the stability of the financial state of the country. In this connection, Sir, I would

like to quote from a minute of Lord Mayo speaking about the increase of military expenditure:—'A single shilling taken from the people of India and spent unnecessarily on the Army is a crime against the people who need it for their moral and material development'. While on this point I must plead for some substantial increase in the number of commissions in the Army, and associate myself entirely with the remarks of the Hon'ble Mr. Banerjea and the Hon'ble Maharaja of Kasimbazar.

"Now, taking the expenditure of the civil departments, we find an increase of 10 millions in ten years and 3½ millions in a single year, the great bulk of it being due to increase in salaries. It was £20,855,868 in 1917-18 and it jumps up to £24,336,400. Can the country possibly bear this? What has been the growth in Revenue? Why, we had to increase the salt tax, increase the income tax, introduce a super tax, increase the customs duties, introduce a motor spirit tax which coming as a war measure, is to be retained for fiscal purposes. Then we are to have another tax. Then take the Railway programme. We are allotting 17½ millions for capital outlay in addition to 6½ millions for renewals from current revenue. Lord Inchcape's recommendation was for £12½ millions annually. Now apart from the question of their relative importance as compared to other matters, protective irrigation for instance, there can surely be no question that regard being had to their character as a highly commercial success, there should be no objection to investment of money on railways. We desire expansion of railway construction, but you cannot indefinitely increase capital expenditure. Spend as much as you can borrow; use all your loan funds, but do not draw on any surplus from the current revenue. No doubt part of the surplus is due to income from railways, but even then you should not use the surplus from capital. That should be spent on non-recurring subjects like education and sanitation. My submission is to cut down the allotment for railways to the proceeds of the loan you intend raising. Lord Inchcape's Committee recommended an expenditure of £12½ millions. While I am on this point, I should like to plead for 3rd class passengers. I must remind the Council of the answer the Hon'ble Sir Robert Gillan gave me about a year ago that when rolling-stock was increased, provision would be made for preventing over-crowding in 3rd class carriages. I trust we shall hear no more of 3rd class passengers being packed in goods wagons. I am sure such a state of things would not be tolerated elsewhere. I read only a fortnight ago that a number of passengers on a certain line were packed in a goods wagon which could not even be cleansed, with the result that some straw which was left on the floor caught fire and a number of passengers were injured when jumping from the moving train when the wagon was ablaze. Such scandals ought to be put a stop to.

"Then I come to the building of new Delhi. I know it is crying in the wilderness, or shall I say among the tombs in the desert of Raisina. What is the urgency of the work that 45 lakhs must be found for it, ignoring pressing necessities. Sir James Meston speaks of the new official capital; this I interpret as the new ceremonial capital. What is the urgency of the matter, when people are dying and cannot provide meals for themselves: when women are committing suicide for inability to cover their nudity for want of clothes? I repeat what is the urgency; if this could wait for eight years it surely could wait for another year at least? It reminds one of Lord Lytton's Durbar in 1877 when people were dying by lakhs for want of food during the Madras famine. I trust therefore that this item will be cut down.

"I have two submissions to make in connection with the Budget. We have seen how frightfully the expenditure is increasing. We see there is no further room for increasing the taxation; we must find money to carry on works of national importance requiring large sums of money and if we are not to commit national suicide. Our whole financial position will have to be looked into and systematically overhauled. This can only be done by an independent commission. I would urge that this matter receive consideration; it is more than 20 years since we had the last Commission which sat in 1897. I would submit this point for the consideration of Government. My second submission is this. At the present time we can only make general observations about the Budget because we do not know the details of the financial administration. Unless we are allowed better

access to these, unless we have opportunities of scrutinising the materials on which the Budget is based, our criticisms cannot possess the value which they might otherwise have. My submission is that it is desirable to let us have such opportunities and, if necessary, to form small committees of additional Members. I do not advocate the formation of glorified so-called Finance Committees of Provincial Councils. Many of us have experience of such committees, and I do not know if any one's experience justifies the belief that anybody was wiser because of our association with the officials in such committees. I trust the matter will receive consideration. Finally, I must appeal to the Hon'ble the Finance Member to help us in the matter of the Government College at Sylhet which is long overdue. In 1916, we had an assurance from the Chief Commissioner that if we gave a contribution of Rs. 18,000, the College would be put on a proper footing. We hope now that the war is over that money will be forthcoming and that the Government will give us the necessary funds to put the College on a sound financial footing."

The Hon'ble Mr. W. A. Ironside:—" Sir, I greatly regret that there has been so little opportunity and time at my disposal during the last few days to give the care and attention that the Hon'ble the Financial Member's statement merits, and I consequently feel some diffidence in rising at all at this stage to make any general criticism of the main features of the Budget. However, the opinions that have been expressed by some Hon'ble Members this morning on the railway programme proposals have filled me, I assure you Sir, with amazement; the whole tone is seemingly to cut down the efficiency of one department irrespective of the results to the community at large in order that some other departments may benefit. Now, if we are to have a reduction in efficiency,—for that is what it amounts to,—of one department like the Railways, the whole future of the country is endangered, and I look to the railway programme as a vital necessity and it must be maintained at any cost. Some speakers have appealed for a reduction of the Railway Budget for other necessary projects, such as sanitation, medical relief and matters of that sort. I can give the assurance of the commercial community that there is nothing we feel affects the future of this country to an equal extent, but this can only be effectively done by finding money in other directions. The proposals we have heard to-day prove that the financial future of this country is to be one of extreme difficulty in all directions. We have appeals for increased expenditure, increased salaries, always demands for expenditure in one form or another, but, apparently except for this reduction in the vital chord of the economic future of the country, we have not had one concrete suggestion for finding the wherewithal to meet the position. I think that some of my friends who have spoken recently can have but little idea of the necessities of railways in India; for four years they have been maintained with the greatest difficulty. 'Make good, carry on as best you can,' has been the rule.

" One has only to travel to see the state of the equipment; travel in the rains and the roofs of the carriages are leaking. Travel in the hot weather and the equipment as regards the electric fans is reduced by half. Everything is in a state, as one leading railway official put it to me the other day, 'my equipment is scarcely better than a scrap heap'; it is not fair to ask the railway administration to carry on, as it has been suggested, without the means of doing so with efficiency. Any lack of efficiency is immediately taken hold of and the Government is blamed for failure. Our friends cannot have their cake and eat it as well, and I can assure them that the lack of sufficient transport in India has been, in my opinion, and I know it is generally shared by anybody who has got any practical experience, the lack of sufficient transport has been the cause, to a large extent, of the lack of progress in industrial and economic matters. Now leave industries altogether, leave the European merchant alone. We can scarcely move in an ordinary year the average crop of the country; you have only to travel in an ordinary year, north, south, east or west, to see at the railway stations the hard-earned products of the soil lying rotting, waiting for transport which cannot be provided, and who are the people who suffer? Not the gentlemen who come here and appeal for Education and Sanitation, but the people who by the sweat of their

brow provide those products and are waiting and are prevented from getting their due return for them. If there is anything that I have to say on the subject of this railway programme, it is the disappointment that it has not gone far enough. We have to make up four years' lee-away. I have already mentioned the fact of the equipment. But to make good that lee-way, to make good every locomotive and every piece of railway line, the Government will have to pay three times as much as they did in pre-war years and on the basis of which Lord Inchcape's Committee recommended 12 million sterling annually. I have only last week, sitting on the Board of a Railway, seen quotations for locomotives, the increase in price was 250 per cent. Yet in face of this fact gentlemen of this Council stand up and ask for still further reductions. It does seem to me, that they are not studying the interests of the people for whom they speak.

"But take another problem. You speak of the lack of industrial progress. I will give you one feature of it. Had we sufficient transport in Bihar and Orissa at the present moment, not from the fault of anybody except as a result of this war, we could employ thousands of people from the famine-stricken districts on very remunerative pay and get over a difficulty which is taxing the energies and wits of every Government official and everybody who has the welfare of the people at heart. I have only to suggest that the Hon'ble the Finance Member will in future bear this feature in mind. The railways cannot be starved. I do not think Sir James Meston will starve us simply in order to listen to clamour from other quarters. The transport of food-stuffs from one district to another has been during the past four years one of the most difficult problems that we have had to face, and it has taxed the energies and the brains of every man concerned. The money to be provided by the suggested loan is to be put to capital account, but the plant is going to cost three times, twice as much at any rate to be absolutely safe, twice as much as on the pre-war standard. The money, I presume, will be borrowed at 5½ per cent. and to make it a paying proposition to Government, the railways have got to show twice that amount of profit or more.

"Now speaking from the point of view of a commercial man, I think that we should have taken some of that capital in a year of stress out of revenue. I know I shall be accused of talking heresy to speak here of additional taxation, but one of my friends, I think, has described the Budget as ominous. It is ominous. We have now got to the length that we have got to face taxation and taxation has got to come, whether we like it or not, and every class of community must bear its share. The commercial community, I think, have borne their share, and now, I think, it is for other people to do something if we want progress. If we cut down the expenditure on railways to-day, you need not go any further with industrial progress, you need not give effect to any of the recommendations of the Industrial Commission, simply because the railways cannot carry beyond what they are already doing."

The Hon'ble Mr. V. J. Patel :—"Sir, the Financial Statement as presented by the Finance Minister is, in my respectful opinion, nothing if it is not unsatisfactory. I say so with all the sense of responsibility of an Additional Member of this Council. I look at the Budget from the tax-payer's point of view, and what is that point of view? The tax-payer expects that a substantial if not a greater portion of the money that he pays should go towards the amelioration of his condition. Now consider for a moment what the pressing problems of this country are? Any one who goes about the country knows what they are. It requires no proof. The extreme poverty is one, the proverbial illiteracy is another, and the fearful mortality is the third. Now I put it to this Council to consider whether adequate provision has been made in the Budget to meet any of these pressing problems. We have the estimated revenue of £123 millions. In order to break illiteracy you should find some decent provision under the head of Education. In order to check poverty you would expect some adequate provision under the heads of Agriculture and Industry, for, in my opinion, without industrial development the

poverty of the country will not vanish. And, thirdly, the high mortality could to some extent be remedied by appropriate provision under the heads of Sanitation and Medical. Now looking to the figures, Sir, you will find that out of this £123 millions, a provision of £4,884,900 is made for Education. Under the head of Medical you find a provision of £1,338,100. Under the head Sanitation £957,200, while under the head of Agriculture you have £101,600, and on Scientific and Miscellaneous, including Industrial, I understand, it is £665,700. All told it amounts to a magnificent provision of something over £8 millions out of £123 millions of the estimated revenue of this country. Now, is that an adequate provision, an appropriate provision, for meeting the pressing problems of the day? I say it certainly is not, while the rest of the revenue is distributed on military, railway, interest, posts and telegraphs, mint and the like. The main features of the Budget to my mind are, firstly, that the military expenditure has mounted up to double the pre-war figure. Now, with regard to this particular point, I may mention, as my Hon'ble friend Mr. Chanda remarked, that in 1914 or 1915 the provision on this head was £22 millions, and I find from the proceedings of the Council that my late Hon'ble friend Mr. Gokhale complained bitterly against a provision of even £14 or £16 millions under the head of Military. So practically one-third of the total revenue of India is budgetted for on account of the military expenditure of this country. Then the second important feature in the Budget is that no additional grants worth the name are sanctioned for Education and Sanitation. The third is that the outlay on Irrigation has been curtailed by £400,000. And the fourth is that railways, as has been remarked by so many Hon'ble Members, have come in for special favour, the allotment for capital outlay only being £17 millions and something more. This provision exceeds, in my humble opinion, the wildest dreams of the railway magnates themselves. The fifth is that to adjust the balance, it is proposed to raise a loan of 15 millions—not for the purpose of sanitation, not for the purpose of agriculture, not for the purpose of medical relief—but, as I put it, to adjust the balance. The last important feature is the absence of any provision whatsoever to carry out the recommendations of the Industrial Commission.

"The only favourable feature of the Budget is the concession in regard to a certain class of income-tax payers. Barring that, the Budget, in my opinion, is as a whole highly disappointing. But before I close my observations, I should like to ask the Hon'ble the Finance Minister to give a word of explanation on two points. One is that a resolution in September last for a further contribution toward the war expenditure was passed, subject to the sanction of the two Houses of Parliament. During the debate on the Excess Profits Bill or in the Narrative presented by the Hon'ble the Finance Minister, we find not a word to suggest that that sanction has been obtained or not, One cannot be sure in these days of that sanction—particularly in view of numerous protests against the resolution of this Council in favour of any further contribution—so I should like to have a word of explanation on that. And, secondly, I have been reading recently in the newspapers that the Secretary of State has been pleased to sanction further increase in the emoluments of the Medical Service and, I believe, some other service—the Indian Police Service. Now I should like to know whether the provision that has been made under the head 'Medical' and under the head 'Police' includes provision for these increased salaries or not. I find nothing in the whole Narrative to show that the sanctioned increase has been provided for. If it has not been provided for, I should like to know whether it is proposed to do so and, if so, whether the Members of this Council would be given an opportunity to express their opinion on the proposals.

"With these few words I resume my seat."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, this is the first time we meet after the conclusion of the war, and I may be permitted at the outset to congratulate His Majesty's Government and the Government of India on the happy and gloriously victorious termination of the war, and our cordial thanks are due to the Civil and Military officers of the Government

of India, and to the Indian troops in particular, who have borne the heat of the day and have been successful in bringing credit to their country.

"I think it would be wrong to be hypercritical with a Budget framed under semi-war conditions, and it must be duly acknowledged that our new Finance Member has had a very hard task; he must have had a particularly hard task in inducing His Excellency the Commander-in-Chief to agree to a reasonable scale of military expenditure. But, however, that may be, our thanks are due to him for the courage with which he has given relief to the middle class tax-payer by raising the minimum of income-tax. We have also reason to congratulate him upon provision being made for ascertaining the water-power resources of the country and for the sugar bureau which has been started. It augurs well for the industrial development of the country.

"I am one of those who believe in a very rapid railway expansion of the country, and in expansion being necessary to open up vast tracts of country which at present are absolutely untilled, uncultivated, and are waiting for the hand of man. I, therefore, congratulate the Hon'ble Member upon the foreshadowing of a large expansion of railway activity; but I deeply regret that side by side with this rapid development of railway activity, the Government of India has not been able to find money for irrigational expansion. It is absolutely necessary that we should have more food, that we should have more staples of commerce, if our railways are to be useful; and I hope, therefore, that equal attention will be paid to irrigation. A good deal of criticism has been levelled at the railway provision in the Budget, and I myself have given notice of a Resolution that the expenditure should be reduced by 5 millions. I hope to be able to meet that position to-morrow when that Resolution comes on; but having regard to the remarks which have fallen from the Hon'ble Mr. Ironside, I feel it absolutely necessary to deal with its main outlines at the outset.

"Sir, after due allowance is made for the desire of the Government of India to make up the arrears of the last few years, it cannot but be regretted that they have paid undue attention to this sphere of activity. What are the facts? We find that the total amount of money spent so far upon rolling-stock has been, up till now, about 61 crores, excluding, I think, minor railways and the Bengal-Nagpur Railway, for which I have not been able to find figures. What do we ask for now? About 17 crores is proposed to be spent this year on rolling-stock alone, or about 25 per cent. increase in one year. Having regard to the total amount spent upon this one branch of railway activity since the beginning of the railway system, I would ask is there any necessity for it? I hope to receive an answer to that question. I know that some railway systems have been cruelly starved, including the Madras and Southern Mahratta Railway system, which had only 97 lakhs to show against 61 crores, and we feel the effects thereof every day. But all the same when we are speaking of all India, it is necessary for the Government to show why they want so much as 26 crores *plus* 9 crores shown under working expenses, but which is really capital expenditure; that is, our real Budget would be about 36 crores of rupees. Now, let us see if there is any justification for this? It has been said there is an enormous expansion of railway traffic. True, but under abnormal circumstances. I find—I hope I shall be corrected if my figures are wrong—I find on turning to the statistics of 1917-18 that the total carriage of goods on all railways in 1913-14 was only 82,662,000 as against 85,766,000—that is, there has been an expansion of about 3 per cent., while the principal commodities were nearly the same about 67·4 million tons. I find where the difficulty comes in; the difficulty is that whereas in 1913-14 the average length which a ton of goods went was 185 miles, on account of war contingencies the same ton of goods had to be carried 245 miles and hence all our trouble. Therefore the reform should be in the direction of pooling the resources, if possible, and trying to reduce by means of expansion of the shipping traffic if necessary the need for carrying goods over such an enormous length. Again, I submit that the total train mileage which was 156,276,000 miles in 1913-14 was only 157,036,000 miles last year and that there has been really no growth in the total mileage that has been run by these railways. I have not taken the Government railways separately. If these facts are in the main correct, it would seem that there does not seem

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to be such a vast necessity for improvement in that direction, but for a reorganisation if necessary. But I think as a layman most of these inferences may be wrong, and I therefore make these statements with due timidity, and I hope that there may be an explanation given in respect of these matters.

"Again, Sir, what does the Railway department propose to do? They propose to clear the arrears of four years virtually. In 1913-14 and 1914-15, there used to be an expenditure of about 14 crores or £10 millions roughly each year; that is, 60 crores would have been the proper item in four years; we spent only 25 crores, therefore 35 crores have to be made up and it is proposed to make it up this year by 20 crores treating the current expenditure as 15. I respectfully ask as to whether it is not a very ambitious programme, especially having regard to the fact that we are in very unsettled trade conditions and we shall purchase possibly for a rupee one-third of what might have been purchased prior to the war. Therefore, I think, it is false economy in a year of high prices and unsettled trade to embark upon such enormous railway expenditure. 'May I also respectfully put another question, whether the Government of India might not have foreseen this expenditure? We know that waggons are being built in India. What steps have been taken during the last four years to foresee the enormous expansion that would be necessary to meet India's needs after the war in the way of the development of our existing waggon building resources? I would like to have an answer to that question because it is being said, and unless justified, I think, rightly, that the Government of India wish to meet the trade difficulties in England in putting such large orders, whereas an expansion of irrigation activity would not help the trade. I have read that in current literature. This sort of criticism is being levelled; I think it is unjust criticism and that the Government of India would be able to answer that criticism.

"Well, Sir, to pass from railways, this Budget may be characterised as being an orthodox army-railway-service Budget. I will first deal with the revenue head before I go to the expenditure side. I gave notice last year and the year before and this year of a Resolution to raise the duty on beer. It is 4a. 6p. a gallon in India, whereas it ranges from 7a. 6p. to Rs. 2 4a. in England, £1 5s. to £5 per 36 gallons I think. If, therefore, we increase our customs duty on beer we can expect an increase of revenue of about 30 lakhs, and I hope, therefore, that the Government will, unless there are very grave reasons to the contrary, see their way to bring this customs duty into line with what obtains in the United Kingdom. It may be that it is feared that the soldier would be hit hard, but we must remember that the soldiers' emoluments and the officers' emoluments have been enormously increased and brought into line with what they are in the United Kingdom, and I therefore see no reason for any objection being validly raised on that account in the future.

"Then the other item is with regard to opium. I received a telegram as I was coming that the Government of India has been unnecessarily sacrificing revenue. It may be that the telegram is an idle one and that there is absolutely nothing in it. It says that the price of opium in China is several times—fifteen times, though this may be a gross exaggeration—of what it obtains in India. If so, I hope that the Government of India will try to secure a better opium revenue, and estimate it at a higher figure than what is to be found in the Budget.....

The Hon'ble Sir James Meston:—"Will the Hon'ble Member kindly tell me the name of the sender of that message?"

The Hon'ble Rao Bahadur B. N. Sarma:—"'Limping Khaki'. I am sure the Hon'ble the Finance Member would be only too careful to indulge in any unnecessary sacrifice of revenue, but in order to reassure the public that everything is being done I have ventured to make this statement. Of course, Government have entered into a contract for future deliveries and there may be no possibility of extracting a larger revenue under that head.

"Coming to Customs, may I make a remark. Possibly there may be an explanation. The estimates foreshadow the prohibition of silver imports and

also perhaps of gold. I think these artificial restrictions and limitations will still further complicate the currency problem, are opposed to Indian interests and I hope they will be removed.

"The few observations that I have to make with regard to expenditure would be that, with regard to the Army, we may have a clearer statement in future as to the various heads under which there has been increase which a layman can understand. I find that under the head 'Miscellaneous' in 1913-14 we had only 28 lakhs; it went up to 33 crores last year and it is 21 crores this year. It is a sink into which anything can be dropped without anybody observing it, and I hope that in future the details of the miscellaneous expenditure will be explained and that they would be arranged under some other head. It seems to me, Sir, that we should as soon as possible revert to a normal rate of expenditure, and if the League of Nations is to be worth the scrap of paper on which it may be written, we hope to see large reductions in the military expenditure. I see that my optimism in the matter is to a certain extent justified inasmuch as Mr. Winston Churchill hopes that the decisions of the League of Nations will enable the reduction of the British garrison in India. We find that with a diluted currency in Europe very large salaries and emoluments have to be paid to the Britisher; we cannot hope to get the article cheaper; and when that is so, I think it is our imperative duty having regard to Indian poverty to reduce the British garrison and improve the status, pay and position of the Indian soldier and the Indian officer. On this point I may be permitted to refer to just one observation of the Hon'ble the Finance Member that we should remember that we do not make any very large contribution to the Navy. May I say, Sir, that so long as we are merely exporters of raw produce and importers of manufactured goods and our goods are carried in foreign vessels, there is no meaning in saying that our commerce is protected by the navy. Goods are brought to our shores by people who wish to sell them, and I do hope that there would not be any talk of the navy protecting our commerce so far as this aspect of the question is concerned and indirectly raising the military expenditure and military demands on the Indian Empire.

"I may also add that the loyalty of India during a period of great crisis shows that there is not the slighest need for panic and that the Government of India can carry on the administration with a very small British garrison and that peace can be kept. In these circumstances, the burden of carrying on an eastern Empire should not be placed indirectly on India. The Hon'ble the Finance Member has treated this as a transitional year and avoids the obligations of both the old and the reform régimes. Under the old or the existing régime care was taken to limit military expenditure at least within the limits of land revenue and to provide even to some limited extent out of the Imperial share for education and sanitation and such other objects. Under the new reform proposals approved by everybody the provincial revenue would have been improved by 201 lakhs *plus* 164 lakhs, or 375 lakhs in all. The normal growth in land revenue and court-fees, judicial and excise, together with 201 lakhs *minus* income-tax would have brought about the result. That surplus is now absorbed in Imperial expenditure. The true Imperial surplus has been ignored, it would be nearly 1·3 millions under the reform proposals, even with the present large military expenditure. We hope that the expenditure will not be larger than £25 millions, and that several millions would be available under the true Imperial head for productive expenditure. This year I find that 180 lakhs have been taken for demobilization charges and 120 railway capital expenditure met from revenue. This will work out that more than 10 crores railway expenditure are being met from revenue. I am not criticising that as bad policy in a year of semi-war activity, but I think this should be borne in mind. My remarks are made with a view to a proper distribution of burdens as between the Imperial and Provincial Exchequers.

"The provision for unconsidered, unapproved heads under the head of unforeseen contingencies sins against the true canons of correct budgetting, *e.g.*, in military expenditure and otherwise, such items have been provided for. This prevents the need for future consultation let alone approval; supplementary budget provision should be resorted to if necessary; such contingent

provision is unnecessary with the introduction of the treasury bill and currency credit manufacturing systems. The treasury bill system is liable to grave abuse unless immediate legislative control is provided for. The omission to provide for the Sinking Fund with the £100 millions contribution for which special provision was made in taxation Acts is a grave departure from correct methods, whatever may have been the need for such omission; the omission violates the spirit of legal enactments imposing taxation. I realise that it is not usual to earmark revenue. The centre of Indian finance must be Delhi, future obligations should be discharged only here even assuming the possibility of friction and inconvenience in the initial stages; stores and supplies should be deliverable and payable here. The trade returns testify to the large excess of exports over imports; the growth and volume of imports can be regulated as has been done in the interests of the nation, as has been done by all nations, and there is no need for the location of the gold standard reserve in London. Its extent should be inquired into; the reserves must fructify Indian trade and meet Indian commercial monetary needs. Silver needed for currency should be purchased in India The silver currency coined during the last few years amounting to 120 crores, is costing the people $6\frac{3}{5}$ crores at $5\frac{1}{2}$ per cent. and economy could easily have furnished supplies for education and sanitation. We are moving further away from the gold currency and possibly a gold standard, and we shall have to adopt the recommendation of the British Currency Commission. Silver tokens should be legal currency only up to a certain limit; at any rate the problem should be considered with a view to meet Indian susceptibilities and prejudices. We have expanded the currency based on British credit, the problem of expanding Indian credit based on India's resources must be thought out. Just as Railways were built with borrowed resources, so should the schemes of sanitation and education be financed if necessary. The loss of 2 per cent. of the population owing to influenza means when capitalized at the low figure of Rs. 60 per head per annum the loss of 600 crores. Land, opium, salt, forests, water, railways have been nationalised, so should marine and aerial shipping. I strongly plead for the nationalisation of Indian shipping, because there seems to be no other chance of getting Indian shipping. It is a sad commentary on our existing system of government that the growth of shipping in all countries except our own should be regarded with equanimity. The Budget should have provided for State insurance of Indian shipping. This is the duty of Government.....

The Hon'ble the Vice-President :—"I must remind the Hon'ble Member that he has spoken for 25 minutes already."

The Hon'ble Rao Bahadur B. N. Sarma :—"I shall conclude in two minutes. The passage in paragraph 8 of the Narrative foreshadows a policy of Imperial preference. India should be recognised as a separate nation in the same sense as the self-governing dominions are among the League of Nations, and should have similar fiscal freedom of action. The consequences would otherwise be disastrous. The London Chamber's recommendations of revenue duties up to 20 per cent. at least should be clearly recognised. Imperial preference would mean costlier imports and less money for exports. That would be the real meaning of that. I hope that will be realised and that India's battle will be fought out before the League of Nations and before the British Cabinet. I hope the same delicacy will be observed by other countries with regard to Indian industrial development. Our industrial condition has never been good and it is woefully backward.

"I have only one word to plead for Madras. We find that wheat and rice are selling in parts of Madras much dearer than in England. I had to buy wheat at 3 lbs. per rupee whereas in England it is cheaper according to the statistics that have been furnished to me. I hope, therefore, the Food Controller, if he is still to be retained, and the Railway Department will see that we get at least enough to eat. I know personally that in some places rice is not to be had and has to be doled out in very small quantities even when the money is forthcoming. This is a very serious matter. The Madras Government's proposals with regard to famine conditions and the Government of India's proposals in the Budget

seem to ignore it altogether, and it is my duty to warn Government against the grave crisis impending in Madras. I have not recommended any reduction of taxation, simply because I hope that the extra resources would be utilised in meeting the educational and sanitary needs of the country. The Budget demonstrates, Sir, the imperative need for larger imagination in the statesmanship employed in the Government of India. The recognition that the machinery has become inefficient, is unfitted for future needs that the margin of efficiency is too narrow to carry the burden of coming years is necessary for progress.....

The Hon'ble the Vice-President :—" I must remind the Hon'ble Member that he has greatly exceeded the two minutes he asked for."

The Hon'ble Rao Bahadur B. N. Sarma :—" I pray, therefore, for greater co-operation between the Government and the people in order that we may carry the common burden upon our shoulders with greater ease and freedom."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—" Sir, I submit that my speech may be taken as read."

The Hon'ble the Vice-President :—" Mr. Ayyangar's speech may be taken as read."

The Hon'ble Mr. K. V. Rangaswamy Ayyangar :—" My Lord, the first noticeable item of the Budget is the excess profits tax. During 1917 we were assured that the 100 millions would be the ultimate contribution from India. We believed it. Then we were told our frontiers were in danger and only if the war continued, the Government would require another 45 millions. We believed it. Another assurance was that if famine conditions prevailed there would be no contribution. This also we believed. The war has ceased, famine conditions exist all through the country, there comes now the excess profits tax. It is not a war profits tax, peace having come; and retrospective taxation would be against all established principles. The industries utilised by the Government for supplying the materials of war have, it would appear, an undeniable claim on the support of Government, and should be generously encouraged at least to ensure future co-operation if not to repay obligation. If these industries are relieved of their legitimate gains now, as proposed under the excess profits tax scheme, future co-operation may be gravely endangered, whereas the abandonment of this objectionable feature is sure to lead to the most desirable results. What a soldier did to win the war by his physical work the industries have done in other ways. There should be no invidious distinction between those who co-operated with the Government in winning the war. As it is, it appears, that you give with one hand and that you take away with the other. The industries and the upper classes have been subjected to progressive income-tax, the super-tax, the imposition of railway surcharge, an all-round import duty and special export duties as on tea, jute, etc., and the imposition of controlled rates. Would the Government care to share the loss, if it proposes to share the profits to sustain the principle of quasi-partnership ? The very people who are proposed to be taxed also lost very heavily this year, and to ask the losers to pay the excess profits duty from what they earned once appears to be very cruel indeed. Unless their plants are seized the collection of excess profits tax would hardly be accomplished. The last Industrial Conference held during the Congress week was guided by men of sound sense and sober views, and in their considered judgment this tax would be a death-blow to the native industries. Will the Railway companies be taxed since they have profited much and expended little ? They have earned a good deal owing to increased railway freights. Again, should not holders of war bonds be taxed, because instead of a $3\frac{1}{2}$ per cent. interest which they would have been getting ordinarily, they are getting nearly 6 per cent. and these are also exempted from income-tax ? The principle of excess profits tax does not seem to be based on equity, but only on the idea of

taking money from where it is found. The Government, one fears, are unconsciously training the people in the present day Russian ways by their hostile attitude towards the wealthier classes of India. I have urged this point whenever the Government introduced such measures as the super-tax and the income-tax with proportional rates. I fear the Government are sowing the seeds of socialism all too unconsciously, and I shudder to think of the harvest we shall have to reap one day. Avoid the wind if one would rather not raise the whirlwind.

Railways.

"Then the only alternative for the Government to save the country from the excess profits tax will be to reduce expenditure on some of the extravagant items. In this respect, the item that appears prominently in the Budget is the heavy allotments to railways. This may be reduced by 3 millions for this year and 3 millions for the next year. I consider this item to be wholly extravagant, for the existing railway companies do not appear to be constituted in the interests of indigenous industries, and the Government has hardly shown a sympathetic attitude towards the newly started railway companies managed by Indians. I know of a case in Southern India where some enterprising people started a concern, collected funds, and purchased rolling-stock for the purpose of working a line which was ready for the object and for which the foreign company which had constructed it for the District Board could not find the necessary rolling-stock. The District Board sanctioned the working of it by the indigenous railway company, but when everything was ready, the Railway Board refused sanction. The Indian company had to suffer heavy loss thereby, though it has been promised that their claims will be considered after the war is over. They have to wait and see what treatment will be accorded to them at the hands of the Government now. In such cases Government should readily come to the help of the people who have funds ready at their disposal to work out branch lines, and during these days when war loans have to be pumped up at a pressure, the Government will be strengthening their hands also by taking in the funds so willingly contributed by these branch line promoters. In the small concern I have mentioned above too many precautions and safeguards were placed in the way, alleging that it was only for the benefit of the company that the working was not sanctioned. Had sanction been then accorded, we should have found now a line well managed by Indians, and it is highly probable that the enterprise would have encouraged further ventures in the direction of railway enterprise. Though the spirit of enterprise has been damped for the present, it is not too late to rectify matters and resuscitate the said company by sanctioning the working of the said line by them, thus providing a channel for their idle capital which can be utilised for this purpose of the State. Now it is generally believed that railways are extravagantly financed while irrigation works are strangled.

Irrigation.

"Important irrigation schemes do not receive the attention from the Government which they deserve. The one item of the irrigation project—particularly concerning my division—is the Cauvery reservoir project enumerated in paragraph 67 of the Narrative of the Hon'ble the Finance Member's Financial Statement. He says that the project remained under the consideration of the Government of India. By that I take it that the scheme has gone out of the hands of the Government of India having been sanctioned. But it is a pity no allotment has been made. It is not only intended to store water for more cultivation, but they provide for the complete control of the present fluctuating supplies of the Cauvery Delta system. After the award in favour of the Mysore Government as regards the arbitration in the Kannambady project, this Metur project was urged as the most important and urgent item by the inhabitants in the Cauvery Delta: and no relief has yet come to them. Had the Government only cared for the improvement of irrigation, they would not have been faced with such an appalling distress as the present famine. Even if the rate of return by the outlay on irrigation be less than that of the railways, the enormous outturn on raw produce will immensely benefit the people.

Famines.

"It is very unfortunate that the country is now experiencing one of the severest famines. Even after passing away of 6 millions of men from influenza, it is strange that the country should not be able to sustain the surviving population. It is a wonder that it could not protect even the depleted population. The ravage of influenza was considered to be one of the most calamitous scourges, but now after the appearance of famines, that fell disease is perhaps to be considered a dispensation by some hand to limit the ravages of famines in India and abroad. Had some consideration and restraint been observed in the rash export of food-stuffs from India, the extent of devastation by the famines might have been limited. That the richest of agricultural countries should not be able to feed its own population is an irony of fate, a parallel to which would be hard to find. A slight delay in monsoon drives the people to death. And when is the Government going to save and protect the population by prohibiting the exports of food-stuffs when it is so much needed for the producers ? And when is the Government going to change their existing policy in the matter of showing economy in extending the irrigation schemes ? These famines do not testify to the good administration of India and honest handling of her resources.

Taxable minimum raised to two thousand.

"One innovation in this Budget is the remedying of the long-pressed-for reform by the vociferous section, that is raising of the taxable minimum from Rs. 1,000 to 2,000. Though this subject has been a plank in the platform of the Congress for a long time, it does not appeal to me as there are the poorer people whose relief should claim the attention of the Government before the urgings of the classes whom this measure seeks to relieve. To be sure one whose income *per month* is between 80 and 160 is by far richer than the agriculturists whose average income is not above Rs. 80 to 160 *a year*. Had the Government first sought to remit in this famine year the agricultural rental to the raiyats whose income is not even a 12th or a 20th of those income-tax-payers, I would have hastened to congratulate the Hon'ble the Finance Member on his Budget. This measure seems to be designed to relieve mostly the Government employés whose remuneration should have been otherwise increased had not this measure been passed. It is obvious that no relief is provided for the classes which richly deserve it, and one attempt is made to appeal to the imagination of a limited number of literate persons.

Salt.

"One of the ways that will really lighten the burden of all classes is the abolition of the salt duties. Last year too I pointed out that the Government by adopting auction sales, were consciously inflating the prices of salt far beyond the monopoly that is due to them. What is the use of supplying an eye-wash by establishing depôts in stray municipal areas for selling the commodity at lower prices when the price of salt is inflated in other ways. The bulk of the people will have to pay the inflated prices. I once more appeal to the Council that it should not adopt the ways adopted for purposes of liquor shops by auctioning the sales of stock at the hands of the Government.

Currency.

"In the matter of currency we should have given consent to unlimited issue of currency had the reserve fund held been invested in Indian Banks to go to help Indian industries. In other countries currency reserve funds are held within their territories and go to help their own industries. In the absence of such a system we should say 'thus far shalt thou go and no further.' Here then I cannot brush aside the threat contained in the Finance Member's statement in paragraph 74 which forebodes that on some future date the passing of some such Ordinance, as a year ago was in existence in Straits Settlements (which provided that currency notes were not sure to be encashed) will become inevitable. By such a measure the people will lose all confidence in the Government, and I have to warn the Council against it before any

action is contemplated in that direction. In fact I apprehend undesirable results will follow even by the publication of such a hint.

Third war loan.

"Even last year I had to risk the displeasure of the Finance Member for suggesting to him to postpone the issue of the second war loan to a more suitable occasion. I, therefore, to be consistent, should object to this loan coming as it is in the most unfavourable circumstances. But the fact that this loan is raised only to pay off former debts causes me not to raise my finger against it. This means that the money is changing hands only. I should not at the same time keep quiet without placing my honest views before the Council, that no more amount than is required to pay off past loans need be taken from the investors. In these days of famines and the high cost of living, every cautious measure should be adopted in the matter of loans that are to be floated. The percentage is already high, and I agree with the Finance Member when he says that 6 per cent. interest on loans is an unreasonable amount for the Government of India. The Government paying the interest in currency notes will find it easy to pay higher interest, while the inflation of the rate will seriously handicap industries and other concerns.

Temple allowance.

"Before concluding I cannot but insist on my old old demand of the refund of temple allowance. I was asked by the Hon'ble the Home Member to refer the matter to the Local Government, and one of my friends, the Hon'ble the Raja of Ramnad, put an interpellation there, to which the reply was they had no details on hand. I have been repeating my complaint in this matter for the last three years, and since the Government will be only doing a bare justice by the refund of the temple properties appropriated by them—I should say misappropriated—I would request an allotment in the Budget for the refund of their dues.

Transfer of heads.

"Then I have to bring to the notice of the Council two of the items in the Budget that should have come under different heads. Under land-revenue item the purchase of land in the United Provinces for rewarding Indian soldiers who have distinguished themselves in the war comes to 5·25 lakhs. This should not be under the head expenditure on land-revenue. Will it not be more appropriate to put it under Military expenditure? Then in another instance in the matter of general administration 1·32 lakhs comes under cost for advertising Indian war loan. The advertisement effects much change in the policy of the paper, and so I would advise that a portion of this sum may be placed under the heading 'department political' that subsidises papers.

"Before concluding my speech, I should like to place a suggestion before this Council, and it is that the Government of India be requested to convey India's thanks to Lord Reading, as well as to the Government of the United States of America, for arranging to place an appreciable quantity of silver at our disposal at a time of crisis."

The Hon'ble Sir G. B. H. Fell:—"Sir, I should like, with your permission, to intervene for a few minutes in this discussion in order to comment on certain aspects of the Financial Statement, relating to military expenditure, which have been the subject of comment by previous speakers. I need not detain the Council with any general remarks upon the high level of military expenditure, because in the first place that matter was dealt with in the speech of the Hon'ble the Finance Member introducing the Financial Statement, and in the second place, as almost every speaker has recognised, the time has not yet come for a reduction in the scale of our military expenditure. As my Hon'ble friend Mr. Surendranath Banerjea put it, the conditions are not yet normal; and he gave utterance to a sentiment, which I feel sure will be echoed by every Indian non-official Member of this Council, namely, that no educated Indian will grudge the military expenditure which is incurred for the safety of India and for the safety of the Empire with which India is so closely bound up. The time has not yet come for the recommendations of the Peace

Conference to have a practical effect on our scale of military expenditure in India ; and it is unlikely that the military advisers of the Government of India would ever care to rely, as the Hon'ble Mr. Sarma has suggested, on the efficacy of the League of Nations to safeguard our relations with our turbulent friends across the frontier.

" My Hon'ble friend Mr. Banerjea very naturally called attention to one particular feature of our military expenditure, both in the current year and in the next year, namely, the bonus granted to British soldiers of all ranks; and he said he would be glad to have some details with regard to that item. Well, Sir, as this Council is aware, in all matters relating to the emoluments of British soldiers in India, we merely comply with whatever scale may be in force in the rest of the Empire. And in order to appreciate the significance of this bonus, I think it is necessary to glance at the conditions with which His Majesty's Government found themselves faced on the signing of the Armistice. When hostilities terminated on the Western front, perhaps somewhat sooner than had been generally anticipated, the whole of the manhood of the British Empire was in arms, all except those who were wounded or injured, or were too old or infirm, and those who were employed on other work of national importance. His Majesty's Government, then, found themselves confronted with two problems—firstly the problem of how to retain an army sufficient to maintain our strength during the troublous period of peace negotiations; secondly, the problem of how to demobilise those men who were in excess of our requirements. There was a natural desire on the part of the large number of men who were not soldiers by choice of profession to return as soon as the fighting ceased to their homes and to their natural pursuits ; and that desire perhaps was accentuated by the knowledge that industrial wages were already very high and were likely to go higher, and by the fear that if they did not get home at once, others might secure the places which they coveted. Consequently, His Majesty's Government decided to select a certain number of men, chiefly from the younger men and from those who had rendered less army service than the others, to be retained in military service in order to fill the active ranks of the army during this period, that is to form the armies of occupation on the Rhine and in the North and in other theatres, as well as the garrisons of the United Kingdom and India. To these men, they felt that some pecuniary compensation was due for the special demands made on them. Consequently, they decided to grant them, as a temporary measure, increased emoluments in the form of a war bonus, which is the point about which my Hon'ble friend Mr. Banerjea has inquired. This bonus is granted to all British ranks forming the armies of occupation and the garrisons of the United Kingdom and India, with effect from the 1st of February 1919.

" Then, as regards the problem of demobilising the others, there are obvious difficulties in getting rid of four or five million men at once. They can only be demobilised subject to the limitations imposed by the capacity of the steamers and the railway services to take them back to their own homes and by the time it takes to settle up their accounts. Consequently, with regard to this class, that is the men whom the military authorities no longer required and wished to demobilise, they decided to grant, not a bonus on the same scale as was granted to the men retained in the armies of occupation and the garrisons, but a bonus on a lower scale. This lower scale is, however, to come into operation on the 1st of May 1919, instead of the 1st February, and we have again this difference, that it is not paid as it accrues but is paid in arrears on the men's release from military service.

" Now, it is clear that the problem in India is in some ways quite different from that which confronted the Government in the United Kingdom. In India we have men in territorial and garrison battalions many of whom have been here for over four years; and they naturally hoped and expected that they would go home very shortly after hostilities ceased. Owing, however, to the shortage of shipping and other difficulties, it will not be possible to relieve all these men before the hot weather begins, and it becomes impossible to transport troops through the Red Sea. Consequently, the War Office bonus scheme has been applied to India with this difference, namely, that such men of the British Army as are in India at the end of the present trooping season,

and have not been sent home before the hot weather, will all be treated as forming part of the garrison in India, whether definitely selected for retention in military service or not, and will receive the full bonus with retrospective effect from the 1st February, and not only from the 1st May.

"So much with regard to the bonus, which, of course, has added a very large burden to our military Budget, both this year and next year.

"The Hon'ble Mr. Banerjea, after referring to the bonus to British troops, went on to remind the Council that he has more than once pleaded for a substantial increase to the emoluments of the Indian Army. I may be wrong, but I had the impression that he was connecting the two matters; and suggesting that, as we were being very liberal to the British soldier, we should be equally liberal to the Indian sepoy. The circumstances, as I will endeavour to show, are quite different; but I should like, at the risk of wearying the Council, just to sketch briefly some of the improvements which have been effected in the emoluments and conditions of service of the Indian Army since the outbreak of this great war. The first step taken was to examine the pension rules. The wound and injury pensions were admittedly inadequate, and before many months were over, they had been substantially increased. I will not trouble the Council with the details; they are available for anyone who likes to examine them; but I might mention that in some cases the pensions were raised by 100 per cent. Then, too, the ordinary pensions were raised. Formerly a man had to serve at least 18 years to get an ordinary, as distinct from an invalid, pension; now the sepoy can obtain a full ordinary pension and at a higher rate after 15 years' service. Very early in the war, the Government of India recognised that the Indian Army was taking part in operations and serving in campaigns such as it had never been dreamed before would fall to its lot. It had never been contemplated that our sepoys would be fighting in Europe, in unfamiliar surroundings, in circumstances of great danger, great difficulty and great hardship, under appalling climatic conditions and so on; and so the Government of India, with the approval of the Secretary of State, granted to all troops serving on the Western front a special field *batta* of 25 per cent. of their pay, with effect from the beginning of the war. Later, that *batta* was extended, though in a somewhat modified form, to all Indian troops serving in other spheres of war, with the result that every sepoy in these theatres, in addition to ordinary *batta*, receives Rs. 2 a month special *batta*.

"The next stage came in the beginning of 1917. Throughout the preceding year there had been discussions about what should be done to improve the conditions of service of the sepoy. The Government of India were at first disposed to recommend an increase of pay. Later they decided that the benefit could be given in a more convenient form and with no less advantage to the sepoy by the grant of free rations, and as this Council is aware, free rations were given to all ranks of the Indian Army with effect from the 1st January 1917. Then, again, the pay of the higher ranks of the Indian Army, above the sepoy, was also raised with effect from that date. I may mention that the cost of the grant of free rations to the combatant ranks of the Indian Army alone added 60 lakhs, or £400,000 a year to the military charges, at the time they were granted. At the present time I should think the cost is at least 50 per cent. higher. The sepoy, of course, does not suffer in the least from a rise in prices as he gets free rations.

"At the same time the field *batta* (not the special *batta* to which I have just referred) was increased, in the case of the sepoy, from Rs. 1-8 a month to Rs. 5 a month; so that a sepoy got in addition to his pay and free rations not only that Rs. 5 but either 25 per cent. of pay in the West, or Rs. 2 a month in Mesopotamia and other war theatres. Then, in June 1917 a recruiting bonus was given of Rs. 50 a month. That, of course, was a temporary measure, undertaken with the object of attracting recruits; but it must be taken into consideration in estimating what advantages the sepoy of the Indian Army has received since the war began. Similar recruiting bonuses were also granted to the Transport drivers and to men of the Army Bearer Corps. Then, again, a year later, in June 1918, further concessions were given, which took the form, not of an increase to the recruiting bonus, but of a gratuity of Rs. 15 to each sepoy on completing his recruit's course. That had the double advantage, firstly of attracting men to enlist and secondly, of inducing them to

become efficient in the shortest possible time, which was a matter of the greatest importance at that time. At the same time, there was sanctioned for the whole Indian Army, for new and old soldiers alike, a special war bonus which, in the case of the sepoy, represents Rs. 24 for every six months' service, paid in arrears, or Rs. 4 a month. So that when we are considering the question of the war bonus recently given to the British Army, I should like the Council to realize that a war bonus was given to the Indian Army long before it was given to the British Army.

"Again, in the case of the non-fighting men, considerable improvements have been effected. For instance, I have already mentioned that free rations were given to combatants; they have also been extended to certain transport personnel, mainly mule drivers, and to men of the Army Bearer Corps and Ordnance lascars. The pay of the Army Bearer Corps has been increased; so has the pay of animal transport drivers. The pay of the lowest grade of military sub-assistant surgeons has been increased from Rs. 35 to Rs. 60 a month. I will not weary the Council with an account of what was done for other non-combatant classes, the various so-called followers, menials, etc., all of whom have received very substantial increases of pay since the war began.

"Another direction in which the lot of the Indian soldier has been very much improved has been in respect to his clothing. The system hitherto in force was for Government to pay a certain sum of money to the regiment when a man enlisted, and this sum was supposed to provide him with all his kit,—his clothing, uniform and so on; and he got in addition a small quarterly allowance for its maintenance. As soon as war conditions began to affect prices, Government recognised that this might be hard upon the sepoy; and so, in the first place, they allowed all these requirements to be supplied from the Army Clothing factories at pre-war rates, so that the recruits should not suffer from the rise in prices. Later on, they substituted a system of free issues of clothing for the system of kit money, and latterly, in the last few months, they have also introduced a scheme under which the sepoy gets all his replacements of clothing in kind, instead of having to meet them out of an allowance, which may not, in certain circumstances, be adequate for the purpose. So that he is relieved of all risk of loss and all anxiety in this respect. Lastly, another direction in which very much has been done and is being done for the sepoy and the Indian officer is in connection with the scale of accommodation and standard of comfort. Their lines have been very much improved. If anyone has the curiosity to examine our Military Works expenditure figures, I think he will realise what a great deal is being done in this direction Large sums of money are given every year towards the improvement and rebuilding of Indian lines and the improvement of Indian hospitals and the introduction of the Station Hospital scheme.

"I have endeavoured to show that the sepoy and the higher ranks have already benefited very largely during the war. Their conditions of service have been very much improved. But I should like to point out that it is not really necessary or desirable to attempt a comparison between the bonus which has recently been given to the British Army and what has been done for the Indian Army. As I have endeavoured to show, the bonus to the British service was intended principally as a compensation to men who had the misfortune not to obtain release from military service so early as they had hoped and consequently were handicapped in the race for well-paid appointments at home. In the case of the Indian Army, there is no such necessity. All the men can be absorbed at once and without difficulty into the agricultural and industrial life of the country.

"Under our voluntary recruiting system we have raised all the men we want and more. The response has been magnificent; and our difficulty now is to get rid of the surplus men. It is not as if they were anxious to leave the ranks; in many cases they are most unwilling to do so, because they are better off where they are. And so there is no obligation on Government to frame measures to induce them to stay on, as in the case of the British service.

"In the matter of demobilisation, too, the Indian soldier is being very well treated. He is given a month's leave on full pay after he is discharged and is

paid up in advance; he is allowed to take away with him most of his clothing, his boots, his tunic and so on.

"A scheme is under consideration and will—I think I may say without impropriety—almost certainly be sanctioned in a very short time, for the grant to the ranks of the Indian Army of a war *batta*, at a cost which I estimate will not be less than $1\frac{1}{2}$ million pounds.

"I hope, Sir, that I have succeeded in showing that this Council need not fear that the Government of India have been unmindful of the welfare of the Indian sepoy and other allied classes. I think it is clear that they are better off than ever before; and in proof of that I may mention that competent authorities say that in the villages from which the greatest number of recruits have been obtained, there is more money than has ever been seen there before. Money has poured in from the front, from the units, and from the depôts. The men have had plenty of money to send to their families; and they are not unnaturally reluctant to leave the ranks and to return to their ordinary avocations."

The Hon'ble Sir Dinshaw Wacha:—"Sir, the Budget is, no doubt, considered to be of a transitional character, and I admit it is transitional. The Hon'ble the Finance Minister himself has said so. At the same time I find in this Council that some have blessed it and some have cursed it. It must happen like that. Those, perhaps, who understand better the trend of the very lucid exposition of the Financial Statement by the Hon'ble the Finance Minister will certainly bless it. I am one of those who will bless it twice. It is more or less, I believe, Sir, the ignorant critic in this Council who has cursed it; but I do not blame the ignorant critic for entertaining the view he does. For the simple reason is that he is not well-informed; and in the Council what usually happens is that there is more of ill-informed and ignorant criticism than informed and enlightened criticism. Now, Sir, I hope no Hon'ble Member will tax me afterwards in the newspapers with saying that Sir Dinshaw Wacha said this, that or the other. What I say is meant for their good and for the good of everyone else. For instance, my friend, the Hon'ble Mr. Sarma, last year, had to say something very bizarre about the currency problems. I am glad to notice to-day—and I give him full credit for it—that the Hon'ble Mr. Sarma has given his close attention to a variety of subjects in a very successful manner; but not being a business-man he is still not able to grasp the subject of currency quite thoroughly; though, as I have said, I give him full credit for the success he has already attained, and I hope that in ten years' time he will be fully qualified to be the Finance Minister in place of the Hon'ble Sir James Meston. We are going to have a national Government, and if we are unable to get a competent Finance Minister in the country, I do not know where we shall be? It will be considered ridiculous if the Nationalists cannot put up a successful financier of their own to take the portfolio of the Finance Minister.

"Apart from all this, which is a mere preliminary, I, Sir, cordially associate myself with most of what has fallen from my esteemed and Hon'ble friend, Mr. Surendra Nath Banerjea. I think, Sir, that his exposition of the financial position and the criticisms he founded on it were very sound, sound in every way. I find in this place that Railways and Military expenditure have been most freely criticised—that is on the side of expenditure: there is something said also on the revenue side over a variety of items. Well, Sir, I have been a student of military expenditure, as most Members of the Government of India may be aware for the last 50 years. I have been a student of finance for the same period. I do not think there has been a sterner critic of the military expenditure of Government than myself, and evidence of that fact may be found in the numerous pamphlets that I have written on this subject and in the many speeches that I have made on the Congress platform and elsewhere during the past 50 years. So I hope no one will accuse me of saying that Sir Dinshaw Wacha this time is standing up for military expenditure. I do admit at once that military expenditure is at present very high this year, according to the estimate, it is 11 millions more than last year. But we have to take into consideration the extraordinary times through which we are passing. Some

of my Hon'ble colleagues seem to think that because peace is nigh, or the Peace Conference is sitting and the war is practically over, therefore the Army expenditure must at once be reduced. Nothing of the kind will happen. Personally, I should congratulate the Hon'ble the Finance Minister if he is fortunate enough to be in a position to reduce his military expenditure by a few millions next year. Consider, Sir, the menace that is at the present moment threatening us on the North-West Frontier. Consider the position in the Near and Middle East. Consider what the Bolsheviks are doing in Central Asia, and how the Government of India are obliged to be in a state of complete readiness to repel any external agression that may take place and to keep India quiet. I shall ask those gentlemen who are now discussing this military expenditure to consider what would happen: assuming that our enemies were at the gates of Peshawar or Kashmir or anywhere else, where should we be? Many more millions than the expenditure we are now discussing would have to be incurred. Where are they to come from? I think, Sir, in a matter of this kind we have essentially to look to this, that the first and paramount duty of Government in this country is to safeguard it from external aggression, and the second is, to maintain internal law and order. For both purposes, the Military as well as the Police are required, and so long as we are incurring reasonable expenditure on both these items, I, for one, would not discuss it or criticise it. Having said so much, let us see what the facts are about military expenditure budgeted for in the present Budget. The military expenditure was 29·892 millions last year. It has now risen—practically the whole of the military expenditure has been increased by 11·614 millions, which is equivalent to 41·70 per cent. over last year's estimate. But, Sir, what is this large increase in military expenditure due to? Let us analyse it. In the first place, apart from pay, allowances, and one thing and another, the strength of the army has been increased. It may go down next year or the year after; but still for the coming financial year there is a larger army than there was last year by something like 200,000 men. There is another fact to be considered. We have been importing for the last four years all those munitions of war, which, of course, we cannot manufacture in India. Those munitions have been of a very high quality and dear in price. Then, you have to take into account the freight on those munitions of war imported from abroad. This is very high. Everyone knows how the freight has gone up—in some cases as much as 100-150 per cent. more than it was before. Surely all these munitions of war—ordnance, guns, etc.—which we cannot manufacture in India and have to import from England, must cost more and go to increase the estimates.

"Then take the food of the soldiers themselves. Everybody is complaining here about the dearness of rice and *dāl*, of wheat, of other cereals daily demanded for those who protect the country within and even elsewhere. Surely the Government is paying high prices for the rations of soldiers. They have to pay and feed the soldiers in a generous way, and they must pay a higher price for their services and food and clothing. Were our Military Adviser to put before us a statement, with full particulars for each member, it will be seen at a glance when he analyses the larger items of military expenditure, where they have come from? In short, what may be their history? So, I do not think that on the whole our military expenditure has been so very extravagant as some people think having regard to all the matters I have referred to. I do not think it is.

"Then, Sir, to be very short, I will not say more on the question of military expenditure. I think that the Military Adviser of the Government, in answer to the Hon'ble Mr. Surendranath Banerjea, has given us a very complete and very illuminating statement. I think that statement ought to satisfy every Indian here. We ought to be gratified that the Government is doing all it can to improve the prospects of the Indian troops. It may be that later on, when the League of Nations is established, of which I have very grave doubts myself (because whatever people may say human nature is human nature after all), there will be a large and satisfactory reduction of armaments. But the League has yet to be established. It may take years. In the meantime, I hope, Sir, that when a firm peace is established very soon, we may be able

to demobilise the army and get its strength reduced compatible with perfect safety. I am quite sure that the Finance Minister will be the first person and His Excellency the Commander-in-Chief too, to see that we economise to the utmost possible extent consistent with efficiency. I admit, and I have often admitted, that our present land-revenue and assessed taxes between them absorb in fact the whole of the military expenditure, possibly more.

"Now, coming to railways, I have heard a great deal being said about them. This again is another subject to which I have paid very great attention for the past thirty or forty years. After Lord Inchcape's Committee sat and made its report, I was the only person in all India who wrote a series of articles thereon. These articles were afterwards collected in pamphlet form, and I believe I sent several copies to the Government of India and also a copy to my friends Sir James Meston and Sir William Meyer. There, I said that at that time, in 1909, railways were being built at what you may call a breathless pace. I was one of those who said that irrigation works must have precedence over new railways and more attention bestowed upon them. I am glad to say that since those days irrigation works have been completed, I mean almost all the great works which our great engineers, Sir Scott Moncrieff and others of the Irrigation Commission had recommended, and which the Government of India afterwards adopted. Since then, of course, several other large projects also have been started, and I daresay we shall go on with them. Nobody can deny that irrigation is one of the principal problems of the State in India, because the more we have of irrigation the more we shall grow wheat and other agricultural products. We shall be better able to feed our growing population, and possibly be able to export the surplus which will bring additional wealth to this country. Therefore, irrigation is a source of wealth as much as railways are. But I am informed that one of the reasons why irrigation works at present cannot be carried on vigorously is this : that Government have not enough water-works engineers to cope with the work. So many people are being employed in England and elsewhere that there is a great dearth of engineers to carry on the works. There may be other reasons too which I do not know, and perhaps the Finance Minister will possibly be able to tell us what they are, but I do say that irrigation works are now on the whole well nigh completed by Government, and it may be that there are a few more which remain. According to the Budget estimates about agriculture which Sir Claude Hill will introduce, I think we are going on the right lines and smoothly ; and I have not the slightest doubt that when peace is restored, we shall do more in the cause of irrigation. Coming to railways I do say, Sir, that although I was one of the severest critics of Government who ten years ago said that railways were being built at breathless pace, at the present moment I am convinced by the experience of the last four years that the expenditure which is now going to be incurred both the £6½ million on the revenue side and the 17½ millions by loan are absolutely necessary. Consider the enormous depreciation of railway stock. Consider what a large number of waggons, locomotives and other railway materials have been transplanted to Mesopotamia and elsewhere. Could we have conquered Palestine, could we have gone on to Kut and Baghdad, could we have so ably defended the Suez Canal but for these ? I do not think so. I think, Sir, that India has helped a vast deal in bringing that success in Asia Minor that we are witnessing to-day. We ought really to congratulate ourselves that India has been so very helpful. She has been helpful in many ways, but she has been particularly helpful in Mesopotamia. Consider the amount of rolling-stock, waggons, etc., which have gone there. It is a good fortune of ours that we have in our midst the Tata's Iron Works ; otherwise we would have been obliged to get our steel rails from England ; and you may consider what a larger expenditure that would have involved Therefore, in a way, the great Tatas are really helping the Government and the people since they have been able to supply a great deal of war material, particularly steel rails. That being so, it is absolutely necessary now that we must replenish our rolling-stock and put all systems of our railways in a position to carry on the enormous traffic that is bound to ensue. Most of it is at the present time mere scrap of iron and may be sold for what it is worth as such. If you, therefore, look to the estimates and other things you will find that we shall have to incur immense expenditure, but of a reproductive

character on this account. You cannot get railway materials, steel rails, etc., etc., from England at the prices which you paid four years ago. I do not think that for another three years India will be in a position to buy as cheaply as she did, say, in 1914. Well, if these matters are taken into consideration, and if the President of the Railway Board will put before us all the details of the estimates as to how he has arrived at those figures, I think every Member of this Council will be satisfied that the amount was worth incurring. A curious circumstance that I noticed in the speeches of many of my colleagues who inveighed against this railway expenditure, is their inconsistency; in one breath they bitterly complain of the heavy railway estimates and in another, they complain that 'corn is very dear; freights are very dear; we cannot get on. The merchants complain.' Why? Because the railways are all jammed or congested and they cannot bring the produce from the interior as soon and as best as they can possibly do. If that be the condition then I suppose everybody will reasonably admit that necessarily we have to replenish our railway materials, rolling-stock, etc., and put them in such a position of efficiency as to enable them to bring corn and other products from one end of the country to the other as speedily as possible and in a cheaper way. It is for the purpose of getting food and other products that the large expenditure now absolutely necessary on railway account must be incurred. Our exports of produce bring us wealth; and our exports being limited, why, our imports also have been limited. That is exactly the reason why we are obliged to extend our paper currency. Silver and gold could not be imported because there is an embargo and then there are the very limited imports. If anybody looks at the trade returns he will find that the balance of trade in favour of India has been about 300 crores during the last four years. Where is that money gone? It is very largely hoarded no doubt. Silver has been pouring in in stream after stream and rupees coined to back up the enlarged currency which was absolutely necessary, from time to time, swiftly disappear. Where have these crores of newly coined rupees gone? People hoarded gold and silver because they were afraid that they could not get these precious metals owing to limited imports and the embargo. There is a great scramble for silver and gold all over the world; and there will be greater scramble when peace is established. Every Government, even the smallest European Governments, will require them, and we shall perhaps be famished for gold. The people are wise; they think that if they can get gold and silver and hoard it before the famine in these precious metals overtake the world they could melt it any day. That is one of the reasons of the abnormal hoarding. It is only when exports and imports increase that things will become normal and hoarding will cease and the rupees come into active circulation. It is for this purpose that our railways should be so fully recuperated as to be able to carry more and more goods to the ports for exports and internal trade. The larger the exports the greater the imports of goods which will certainly diminish hoarding and release the silver now disappearing so fast as it is coined. Mr. Sarma is very anxious to see that the currency which is partially inflated should be brought to a normality. The Finance Minister has very largely dealt with this subject in his speech, and I think that as soon as the normal condition of things is established, as far as railways are concerned, we shall be all the better economically and forge ahead.

"I will only add a few more remarks. I do not want to take up the time of the Council. I do not want to be told by the President in Council that I have exceeded my twenty minutes. A good deal has been talked about education and about sanitation; it has been said that we should spend more and more on them. But have they looked and compared these items with those of last year? Look at the increase on education and compare the actual accounts of 1917-18 with the Budget estimates for 1919-20. There is an increase of 44 per cent.; that too, at a time, of stress and in spite of the Hon'ble the Education Member being only too keen to give us double or treble the sum budgetted for. Coming next to the item of sanitation, there is an increase of ·348 over the accounts of 1917-18. It is equivalent to an increase of 57 per cent. Can this be called starving sanitation? Our people do not seem to understand that Government has no pagoda tree which has simply to be shaken to get unlimited amount of rupees from which to spend 200 or 300

crores on sanitation and education! Practically while military expenditure, heavy as it has been complained, is only 41 per cent., whereas in reference to the items of education and sanitation the increases actually come to 44 and 57 per cent. Government is a limited concern and its resources are limited, India's financial resources are extremely limited in comparison with those of the flourishing countries in Europe. Then there is the question of housing; this is a difficult problem; there are 75 to 80 per cent. of the population living in one-room tenements; that being so can you expect any better results of mortality than those annually recorded? It is the duty of the public, and it is the duty of all large employers of labour to cordially co-operate with the Government and see that the housing problem is satisfactorily settled. If this is done, I am sure the mortality statistics will be greatly reduced. An increase meanwhile of 57 per cent. in sanitation is not bad; on the contrary, I say it is very good. We have been talking about Police, but there is an increase of only 12 per cent. We have been talking about Medical expenditure. I see we have an increase of 38 per cent. over the accounts of 1917-18. Lastly, we come to agriculture. Look at the United States which has been spending crores on this. But the Agricultural Department is only of recent creation. Still I must say we are annually doing better and better. To have an increase of 26 per cent. is certainly satisfactory. We have to remember that this is a transitional period; so that taking everything of an exceptional nature into consideration, I regard the Financial Statement as a very good one, and I congratulate the Hon'ble Sir James Meston on the admirable and luminous manner in which he has presented it, especially that essay on the 'outlook' which should be read, marked and inwardly digested by those earnestly interested in our finances. The future, I fear, will not be very bright for some time to come; the burden of taxation will be heavier; our interest obligations will be a great deal larger. We shall have perforce to meet vast sums as interest charge on the growing national debt, so that our resources for meeting expenditure on sanitation, education and other desirable objects, will be limited in proportion to our resources. I conclude by once more congratulating the Hon'ble Sir James Meston on his luminous Budget speech and its weighty reflections."

The Hon'ble Mr. H. F. Howard:—"Sir, the Hon'ble Sir James Meston has asked me to speak on one or two points. I have a grievance against the Hon'ble Sir Dinshaw Wacha for having taken out of my mouth a good deal that I was going to say. Now, the first point on which I shall touch is that of railway expenditure. I have no doubt this will be discussed when Mr. Sarma brings up his threatened Resolution in the second part of the proceedings, but there is one essentially financial aspect of this question, that is the remunerative character of our railways. I think the Hon'ble Mr. Ironside touched briefly on this in his speech, but it is apt to be overlooked. Railways have been for many years almost the backbone of our revenue system; they have been bringing in very large sums indeed, and the nett profits after paying all expenses, such as working expenses, the interest on sums borrowed for building them, and so on, have amounted to very large sums. In 1917-18, the figure after paying all these expenses amounted to £9·9 millions. This year we expect it will be £11 millions. That sum is larger than we can ordinarily expect, because railways have been starved on the revenue side. But after paying all expenses we expect that next year the sum will still be £6 to £7 millions. I think, therefore, that those who ask us to reduce the railway grants and speak as the Hon'ble Mr. Patel did of 'railway magnates battening on sums beyond their wildest dreams,' are, to put it plainly, ignorant of the real position. What they are asking us to do is to 'kill the goose that lays the golden eggs,' and if I have anything to say in any advice I give to the Hon'ble Sir James Meston it will be to keep that goose alive. There are just one or two other points that I wish to mention in connection with the railway grants. Those Hon'ble Members in this Council who ask us to starve this poor goose are apt to blame it for not doing what it should do. We had a lecture last year from the Hon'ble Pandit, who is not in his place now, about the hardships of 3rd class passengers. We recognise that this is not as it should be, but obviously shortcomings in this respect cannot be rectified unless our railways are placed in

a position to carry the traffic required. The Hon'ble Mr. Shukul has asked what we are doing to stop famines. I am afraid that we cannot control the monsoon, but Mr. Sarma's remedy of relieving the congestion on the railways by obtaining additional shipping would not help in the carriage of grain to the districts where it is required. Mr. Shukul said that we are doing nothing for the agriculturist suffering from scarcity. I should like to mention that in the current year we are estimating for remissions 49 lakhs, suspensions of revenue 256 lakhs, and direct famine expenditure 81 lakhs. Next year we have provided for remissions and suspensions of revenue 65 lakhs and 166 lakhs, and for direct famine expenditure of 172 lakhs. I think that Mr. Shukul also overlooked the enormous sums that we have allowed in past years on protective works. These and our productive works undoubtedly at a time like this have been of great protection to us, and I do not think they can reasonably be ignored.

"There is just one other point, Sir, that Mr. Sarma touched on. He asked us why we had incurred all this unnecessary expenditure under the head 'Miscellaneous' in the current year. I would just like to refer to some of the items. In Bengal and Central Provinces and the United Provinces the chief increases were due . . . .

The Hon'ble Rao Bahadur B. N. Sarma:—"I referred to Miscellaneous, Army. I did not refer to the head 'Miscellaneous.'"

The Hon'ble Mr. H. F. Howard:—"I beg the Hon'ble Member's pardon. I understood that he was referring to the figures under the ordinary miscellaneous head which include charges such as grain shops and relief of scarcity, and so forth.

"I think, Sir, these are the only points that I desire to refer to."

The Hon'ble Sardar Sundar Singh Majithia:—"Sir, in going through the Financial Statement and the Narrative of the Hon'ble Sir James Meston one finds that he has most economically and with great ingenuity tried to handle the resources of the country to make two ends meet and to get through the difficulties of the situation which was presented to him. He would have met the normal requirements at the present juncture, but the legacy of heavy liabilities on account of the war, coupled with the agricultural situation, has made his task very difficult. It is, therefore, most gratifying to find that he has not only avoided heavy taxation, but has seen his way to grant relief to people with small means who have been hard hit by raising the limit of taxable income from 1,000 to 2,000 rupees. This concession will be gratefully received by the people of small means, and will be greatly appreciated by them, but it cannot materially benefit the middle class agriculturists who along with the other members of the community have to meet comparatively heavier expenditure to carry on their agricultural pursuits. The epidemic of influenza and its effect upon agricultural labour has hit the ordinary agriculturist very hard, and but for better prices his position would have been extremely delicate.

"The war has, thank God, come to a victorious end, and the armies of His Majesty the King-Emperor have gained a well-deserved victory, and the cause which was upheld by His Majesty and His Allies has triumphed over the militarism of the Central Powers and the enemy has been sufficiently crippled not to be able to take up arms in future and to ruthlessly disturb the peace, and this might enable us to provide less for the army in future; but the after-effects of war will necessitate our not being sparing in the needs of the army and the country must be prepared to meet the needs of an efficient army for the defence of the Empire. This will naturally require larger allotments than has been the case hitherto, as the present war has taught that aeroplanes, armoured cars, tanks, and other scientific methods of warfare and the improved transport must cost comparatively more than what used to be spent hitherto. Keeping all this in view I have to join the Hon'ble the Finance Member in thanking His Excellency the Commander-in-Chief for his rigid economy in putting forward his demands, and though our expenditure would be practically half of the total

outlay of the country, I think it could not be grudged and we must not hurry in cutting down military expenditure as the improvements in other directions depends upon the peace and prosperity in the country, and the army, no doubt, plays its necessary part in securing this to the country. While on this point I would strongly urge the throwing open of higher posts to Indians in greater numbers than has hitherto been done. In the giving of these posts I regret to observe that my community, which has been foremost and unstinting in this branch of the service of the Empire, has not received its adequate share of these posts, and this has caused disappointment in Sikh circles. I would, therefore, press the claims of my community as also of others with military traditions upon the attention of His Excellency the Commander-in-Chief, and have no doubt that the matter would receive his kind consideration.

"The next item of heavy outlay has no doubt been claimed by the Railway. It has to be conceded that we have to make up for past curtailments due to war. The Hon'ble Members of this Council are no doubt aware of the inconveniences which the travelling public and the commercial community have had to put up with owing to the curtailment of train services, both passenger and goods. I have seen, Sir, large consignments of goods lying on railway stations, in goods yards and even on platforms, and in many cases being damaged or deteriorated by climatic effects due chiefly to want of necessary waggons and the provision of larger train services. I know that many a trader would be willing to join together and pay for the running of special goods trains to rail their wares to centres where they could be profitably disposed of, but the want of rolling-stock and locomotives is, I believe, in the way, and I therefore think that the Hon'ble the Finance Member was right in giving the second place in his Budget to the needs of the Railway, and I think it should not be grudged. I quite admit that the needs of education and sanitation are also paramount, but their requirements have not been forgotten by the Finance Member, and with the hard times before him he has given comparatively larger allotments in his Budget. We find that compared with the figures of last year he is giving 1 crore and a little over 37 lakhs to education, 40¼ lakhs to sanitation, and nearly 29 lakhs more to agriculture. The Council will thus see, Sir, that the Hon'ble Sir James Meston has not been unmindful of the needs under these heads. I must say that these departments require more, and I am sure the Education Department would find no difficulty in spending more if the funds were available, as thus alone could the illiteracy of the people be banished from the country. If people are to be fitted to take an intelligent part in the coming reforms, greater amounts will have to be spent on education. I have to thank the Government for the beneficent grant of three lakhs to the Khalsa College, and this no doubt will be gratefully appreciated and will come in very handy to the institution to complete the main building and to provide additional hostel accommodation for the increasing number of students who have to come there to fit themselves for life as useful citizens of the Empire.

"As to the tendencies of the people to hoard money in war times, I am one with the Finance Member in regretting this, but it must be admitted that this is a great deal due to the low standard of education amongst the people, and Sir James Meston could not expect a great majority of illiterate people to rise equal to the tests of high financial efficiency. It is the village people who have eventually to deal with the paper currency, and the average villager with his want of education cannot be brought up to the new way of thinking. Even the leather notes of the great Qaran had a golden nail embedded in it. Though, therefore, the habit of hoarding is to be very much regretted and deprecated but under the circumstances it is excusable to some extent. I think the restrictions on the importation of gold and silver due chiefly to tonnage difficulties accounts to some extent for the extra demand on the metallic currency. I fully realize the strenuous labours of our late Finance Member Sir William Meyer and the Department over which he ruled to meet the situation, and Sir James Meston's praise is fully merited.

"On the whole, I have to offer the Hon'ble Sir James Meston my hearty congratulations for the skilful and able handling of the situation and resources at his command. He has not been unmindful of strict economy,

and I have no doubt that with better times his hold of the strings of the Government Exchequer would not have been so tight. He has to grapple with the peculiar situation, and our sympathies are with him in his arduous task. With better times I have no doubt the legitimate demands of education, sanitation and agriculture will receive more liberal treatment at his hands."

The Hon'ble Sir James Meston:— "Sir, the interesting discussion to which we have just listened has covered such a vast range of topics that it would be quite impossible to attempt to deal with it adequately during the short time that is left to Council to-day. I propose, therefore, to allude only very briefly in the first place to certain general propositions which have been emphasised in the course of the discussion, and, in the second place, to touch briefly upon certain arguments, either because they were imperfectly stated or were misleading in form, and it is undesirable to allow them to be passed over in entire silence. Before going on to that, Sir, I wish to express my thanks to the various Hon'ble Members who have been good enough to say pleasant things about the Budget and about myself personally. It is indeed a great pleasure to be back in this Council. I was one of the Members of the first Council that sat under the then new Minto-Morley Reform Scheme at Calcutta. There are still a few Members of those days present here. It was a very interesting gathering full of emotion and excitement. The leadership of the opposition was in the capable hands of Mr. Gokhale, whose inspiring influence and control over the non-official side of the Council was undoubtedly the dominant characteristic of that gathering. Therefore I say, Sir, it is a pleasure to be back here again at a time when further great reforms are in prospect, and when this Council is looking forward to step into a larger and more responsible share in the government of the country. The dominant feature of the Budget to-day has been the old story that Government gives too much attention to, and bestows too large a share of its funds on, the material progress of India, and too little on its moral, social, industrial, educational development. The story is one, Sir, on which, I think, we must await the verdict of history and of the verdict of history I am sure that none of us are afraid. We have made mistakes; we have made a grave mistake, I believe, in thinking, as we did, that we could leave the people of India to themselves to work out their own moral and social development. They clearly wanted much greater aid, much greater, more definite, more courageous assistance from the Government than they have received. But we did honestly believe, and we acted on the belief, that the first and greatest thing that lay to our hand was to make the people of India more contented and more prosperous, and in that way to make them readier to welcome the inevitable advent of economical and social progress. In that, Sir, I do not confess that we have failed. The Hon'ble the Maharaja of Cossimbazar did me the honour a few minutes ago of saying that I knew very little about the conditions of the people. I have no desire to enter into competition with the knowledge of the Maharaja, but I have not lived and worked in India for 33 years with my eyes shut, and I do say that in my time in India I have seen a very marked and very striking advance in the standard of comfort of the people of this country, an advance which has taken place among all classes of Indians in that period; and so I repeat that on that side of our task I am not afraid of the verdict of the future. However, be that as it may, the fact is that another chapter of this story is now coming to a conclusion and we are turning over a new leaf and starting a new chapter. New powers and new responsibilities are going to be given; we sincerely hope are going to be given to the representatives of the people under a scheme which we trust will very shortly materialise. These powers and these responsibilities will enable the chosen of the people to help us and stimulate us, to enter into partnership with us and take a much larger part in the development of these educational, sanitary, industrial interests about which we have heard so much to-day. With that I think I might very well leave the subject, except that it would be a grave discourtesy to pass over without a word of appreciation and a word of thanks some of the speeches, more particularly those of the two veterans in this Council, my Hon'ble friends Mr. Surendra Nath Banerjea and Sir Dinshaw Wacha. In the earnest and eloquent plea in which Mr. Banerjea has put forward for education and sanitation, I can assure him that he is

preaching to an audience on this side of the Council who do not need to be converted. There is not one of us here that does not recognise the paramount importance of the causes which Mr. Banerjea has so forcibly advocated; there is not one of us who does not believe in his heart that without a generous and forceful programme in the matter of education and in the safeguarding of public health, our political progress will be little more than a mockery and a delusion. I personally, Sir, should like to see a great national movement, supported by a great national fund for true education, the education of the voter of the future to appreciate his civic duties, to recognise the power that is passing into his hands, and to learn wisely to use and exercise that power. I am not without hope that some great national movement, some great national fund of that sort will shortly materialise; and then I should like to see something parallel on the side of public health. If these things are to come, they will be, we hope, the first fruits and the proud fruits of the new regime. However, Sir, to-day we are discussing the Budget, we are not discussing the political future of India; and when we come to translate into practice and into figures (for that is the duty of all of us in the course of the Budget debate) the aspirations which have been given voice to in the course of to-day's discussion, I am not sure that some of our critics always treat us quite fairly. An attack, for instance, has been delivered to-day upon the large sum which we have given for the extension of railway facilities. My merry friend, Mr. Khaparde, described railways as a pure luxury, and others seem to regard them as a great nuisance, but the Hon'ble Mr. Ironside and the Hon'ble Mr. Howard have delivered a defence and the Hon'ble Sir Dinshaw Wacha on his side has taken up the cudgels on behalf of the railways in a manner which leaves me under the necessity of saying very little more on their side. I would like those who believe that £17$\frac{3}{4}$ millions is an excessive sum to devote next year to railway development to understand exactly what it implies. It simply implies this. For the last four years we have been devoting practically nothing to railway extension, and we have to distribute a very large share of that £17$\frac{3}{4}$ millions over four years of past neglect. If we go through that very simple arithmetical process, I am inclined to think that the real rise in railway capital expenditure next year would be something negligible. Now, if we drop pure rhetoric on the subject, if we refrain from flights of fancy on the figures, if we try to persuade ourselves that it is worth looking twice at the proposition that education is starved, sanitation is starved, industries are starved, we should probably open the Financial Statement, and more particularly that valuable memorandum signed by Mr. Howard, which follows it, and dig for ourselves a little more into the figures. Mr. Banerjea and Sir Dinshaw Wacha have done a little digging, but some of their colleagues, I am afraid, have not. If they will look at page 46 of Mr. Howard's memorandum they will find that next year the provision for education over the whole of India is 7 crores and 30 lakhs. I am taking Imperial and Provincial together: it is obviously essential they should be considered in combination. This figure as against 5·93 crores for the current year represents a rise of 23 per cent. in one single year. If they turn over a few pages more and come to sanitation, they will find that the proposed expenditure for next year is 1 crore 43 lakhs, against 1 crore 3 lakhs this year—a rise of 40 per cent. These percentages do not seem to me to be particularly bad for one single year and that a year in which, as most of our critics have recognised, our general financial difficulties are very considerable.

"Similarly, I do not think they have done sufficient justice to the Report of the Industries Commission and the imposing programme which my Hon'ble Colleague, Sir Thomas Holland, will very shortly place before the country. At the present moment it is being investigated with the greatest possible rapidity—with a rapidity accorded, I venture to think, to no similar programme in the records of the Government of India; and I have little doubt that you will find in the next Budget, whatever provision the Hon'ble Sir Thomas Holland considers possible to employ during the next year. I may go further and say that if before next year's Budget he finds it necessary to utilise money for the beneficial development of industries, he will have no difficulty in getting it out of me.

" From these general propositions, Sir, I turn to a few of the more miscellaneous—I trust I may call them that without offence—miscellaneous fallacies voiced by Hon'ble Members in the course of to-day's discussion. My Hon'ble friend, the Maharaja of Cossimbazaar, in the course of his address, employed a sentence which I tried to take down at the time, and which, I think, was to this effect. He said ' Here is a poor country like India being saddled with England's military expenditure in Mesopotamia and East Africa '. I hope I did not misunderstand my Hon'ble friend ; but if I did not, then I think that he will discover, if he will examine the statistics in the Narrative of our military expenditure, that he has been ill-advised on this particular topic. Practically the whole cost of the military operations in Mesopotamia and East Africa was borne by the British Treasury, and the only part that we have taken in it, by way of financial assistance, has been in the form of the two donations which were offered to the British Treasury last year and again in September. I am sure that the Hon'ble Member would not like to see either of those donations withdrawn, and I am sure he is not ashamed of them. I know him too well to think that his patriotism is shallow enough for that. As regards military expenditure generally, all that could be said on the subject has been well and fully said by the Hon'ble Sir Godfrey Fell.

" Again, my Hon'ble friend the Maharaja, in the course of his address, expressed a wish to see railways nationalised, and the Hon'ble Mr. Sarma expressed the same aspiration with regard to shipping. I turn to the speech which has been placed on the table and treated as read by our Hon'ble colleague from Madras, in which, like a second Cassandra, he tells us that everybody and everything is wrong ; and there I discover that he talks in most melancholy tones about the rapid advance which this Government is taking in the direction of State socialism. To which leader are we going to turn ?

" Another little point which I noted at the time was the Hon'ble Mr. Chanda's statement that Local Governments have not been allowed to draw on their balances for sanitation. It is true that sanitation was not mentioned among the particular subjects which Local Governments might use as reasons for withdrawing their balances ; but here again a little study of the figures will show him that they have not failed to exercise a very wise discretion in utilising their past savings for this very desirable purpose. On page 53 again of Mr. Howard's memorandum he will find that Local Governments have increased their sanitary allotments for next year by over 30 lakhs.

" The same Hon'ble gentleman made, as I understand, a grievance of it that we had not helped by a special grant a college which lies very close to his heart in Assam. I find that the Province of Assam has a closing balance next year of 38 lakhs. I hope he has done all that he can to get a grant out of that before he comes to us ; and if he has not, I hope that he will do so now.

" The Hon'ble Mr. Patel asked me two specific questions. The first was whether Parliament had sanctioned the appropriation of the revenues of India to the extent that was proposed during next year for the assistance of military operations outside India. My reply is that Parliament has not yet, as far as I know, sanctioned this. Parliament has not been continuously in Session and has been occupied with many grave matters of State since the end of the war. It is quite possible that there has been no opportunity for the Secretary of State to put the matter formally before Parliament. I have no doubt, however, that when he does so, Parliament will accept the gift in the same spirit in which that gift was offered by India.

" The second question the Hon'ble Mr. Patel put was whether the increased pay for the Indian Medical Service and the Indian Police Service which has been sanctioned by the Secretary of State comes within the present Budget. I am not able to give him a categorical answer, because I have not the detailed provincial figures before me, but I have little doubt they are there. If they are not there, they will be put there in due course.

" One or two Hon'ble Members have spoken on the subject of irrigation, pointing to the unsatisfactory nature of the grants allotted to irrigation as compared with the more generous grants made to Railways. I have no doubt

their apprehensions will be relieved when my Hon'ble colleague Sir Claude Hill opens the next stage of this discussion. But I think, I ought to assure the Hon'ble Mr. Sarma that there is really no reason to fear, as he seems to suggest, that in entering upon any large railway programme, we lay ourselves open to the criticism that we do so in order to give employment to British workmen in England, and that the absence of any such consideration has influenced us in keeping down our irrigation programme. On the contrary, I most cordially agree with the Hon'ble Sir Fazulbhoy Currimbhoy in the enormous importance he attaches to irrigation. We have given every rupee that was asked for, and I trust we will continue to do so. There are, as Hon'ble Members will recognise, vast differences between the capacity for progress in irrigation schemes, and the capacity for progress in railway schemes. It is very easy when you have got a railway running into a certain town, when funds are available, to extend the railway to another town further away. It is a very different proposition to construct a new canal. The space left on the map of India for the making of new canals is very limited, and projects which are now in prospect are immense projects which will require the most careful and anxious professional scrutiny before they are finally sanctioned. As soon as they are sanctioned, I think I can promise, in so far as in me lies, that the money shall be found.

"Then the Hon'ble Rai Bahadur Sita Nath Rai rebuked me for what he called my 'incubus of the mythical millions buried underground', and told us that there is no hoarding in India, that the habit of hoarding has been forgotten, that money is coming freely into investments. I find my Hon'ble friend Sir Dinshaw Wacha took a somewhat different line on the same subject. But the proposition to my mind is simply this: during the last four years we have turned out of our mints twelve hundred million silver rupees, and wherever I go to-day I never succeed in finding one. If I present a five-rupee note at a shop here in Delhi, I get four discoloured rupee-notes and some small change. If I ask for rupees, I am treated as if I were an enemy of the gentleman who owns the shop. Well, what has happend to all these rupees? .....

The Hon'ble Rai Sitanath Ray Bahadur :—"They have been converted into ornaments."

The Hon'ble Sir James Meston :—"I suppose that is another proof of the growing poverty of India. I shall not detain the Council longer. There is a great deal on which I should like to speak, more particularly on the vast field which has been opened up in the discourse of my friend, Mr. Sarma. But I resist the temptation. The Council has recognised, and recognised generously, that in a time of high prices, unsettled trade and many future uncertainties, it is very difficult to get reliable estimates at all; and it is of the first importance to get estimates which are cautious, humdrum if you like, orthodox. Those are the sort of estimates which we have to put before you this year. It is a period of transition; nothing sensational, nothing generous was possible. The Council have also expressed in unmistakeable terms their adhesion to our faith in the financial future of the country, the progressive prosperity of India and the growing employment of its resources in a wise campaign which must necessarily take a two-fold character. Each side of that campaign supplements the other; neither would be possible without the other. One is a campaign of social, moral, educational, industrial advance; and another is the continuance of our present reasoned development of the material resources of the country. To these hopes and aspirations the Government of India unhesitatingly subscribe."

The Council adjourned to Saturday, the 8th instant, at 11 A. M.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Saturday, the 8th March, 1919.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice*-President, *presiding*, and 54 Members, of whom 47 were Additional Members.

FINANCIAL STATEMENT, 1919-20.

SECOND STAGE.

The Hon'ble the Vice-President:—"The Council will now proceed to the second part of the Budget discussion."

RESOLUTION *RE* REDUCTION OF LOAN FROM £10 TO £4 MILLIONS.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to move the following Resolution:—

'This Council recommends to the Governor General in Council that the Budget allotment providing for the flotation of a loan of £10 millions be reduced by £4 millions.'

I acknowledge with humility the fact that not being a business-man I am apt to make larger errors in speaking to the Resolution on the present occasion than those connected with business might fall into, still I have ventured to bring it forward hoping that this Council will be able to find ample reason for a justification of the proposition that I have advanced. This Resolution and the Resolution coming at the third stage marked 10* are intimately connected, and I dealt at some length with Resolution No. 10 in making my remarks on the Budget yesterday. These are inter-dependent, but I think the question can be looked at from two independent standpoints. I shall try first to approach this Resolution from the point of view as to whether in the interests of India it would be wise for the Government to venture to go into the loan market and ask for an additional loan of £10 millions this year to meet the needs of the Exchequer. The main grounds on which I propose to defend this Resolution are that the normal capacity of the loan market as exhibited by the increase of paid-up capital of joint stock companies and the deposits in the banks and otherwise has not been such in past year as to justify the Government in coming forward with such a large flotation. The experience of the last two years cannot be relied upon to any great extent, because we could rely upon the resources derived from excess profits due to artificial causes upon the flotation of artificial credit and the special exertions on the part of Government officials in securing the success of the loans. I think it would be politically unwise to make any experiments of this kind this year. I think to increase the rate of interest which is very high at present would be disastrous to business concerns, to private commercial men, to all trading men in India. I also plead that it would be unwise when large sums of money have been exported by means of contributions in the last two years to add to the export, for that would virtually be the effect of this,

*'This Council recommends to the Governor General in Council that the Budget allotment of £17·7 millions for the construction of railways, etc., 1·48 (page 101) be reduced by £5 millions.'

to add to the export in any considerable degree by increasing our expenditure. There would also be a tendency or temptation to use rigorously the powers of the Company Restriction Act lest private concerns should compete with Government. The first point that I would respectfully submit is that during the years 1913-14-15-16 for which I have figures, we find that the increase in the paid-up capital of joint stock companies has not been more than 446 lakhs in the highest year; the average for 15 years from 1901 to 1915 is 240 lakhs and it never exceeded in any year 6 crores of rupees. There was an increase in the Presidency Banks between 1913-16, the highest amounts in private deposits were 609 lakhs but that was after a fall, and the exchange banks shew an average growth of 175 lakhs and for Indian Joint Stock Companies the figures were 212 in 4 years or an average of 55; or in all 4½ crores or £3 millions. I am not talking of the increase in the Post Office Savings Banks, for the Government have that capital at their command. Now £6 millions is a fairly large sum to be raised in a poor country like India, and in this year after the war when everybody's efforts should be directed towards the flotation of companies for the purpose of increasing the industrial development of the country. Now, Sir, I pitched upon this figure of £6 millions for the reason that inasmuch as the excess profits derived during and from the war are estimated to be about that figure, it might be reasonable on the part of Government to look to the flotation of a loan of £6 millions and ask the merchants to invest that amount in Government loans though the excess profits derived from business should normally go towards increasing the capital of the concerns for industrial undertakings especially in a country like India. The experience of the last two years should not encourage us very much in anticipating large investments by the public. It is well known that Rajahs, Maharajas, noblemen, merchants, in fact all loyal subjects have strained their resources by borrowing largely from banks and otherwise on credit instruments for the purpose of taking part in the 100 million loan. Such enthusiasm and such incentives are not likely to be forthcoming the next year, and it would be dangerous politically to ask the man in the street to invest in this because it would be likely to lead to the impression that the object of Government is to raise as much money as possible from the people. I say it is a wrong impression. But it seems to me that we have to take the circumstances of India into consideration, and I hope that the Government will not look to the average man for investment. We find that in the United Kingdom and elsewhere there are banks which were started during the war for the purpose of encouraging industries. There are also amalgamations of Banks, amalgamations of Trusts, for the same purpose, and they have been to a certain extent helped morally, if not financially, by the Government; in some instances they are helped financially also. Under those circumstances, how can India even begin the faint traces of industrialism if the Government do not encourage private capitalists to combine together for the purpose, by encouraging the formation and growth of capital reserves for improving the industries of this country. I therefore think that although it is a very good proposition in theory that a debt of this description especially should be floated within the country so that it may fructify here, although it is very good as an abstract proposition, still we must have regard to the limitations of the time, and I think this year especially would not be a fairly good year for an experiment in that direction. I said that it would be practically increasing the export of capital. Well, I am not now here on the question as to whether what we have done is right or wrong; it may be that we were right, that those people who have encouraged contributions are in the right and have taken a long view of things and it is unnecessary to quarrel over that proposition. But the net result has been that the money which might otherwise have remained in India and fructified here has been, for a worthy cause it may be, exported out of India, and the question is inasmuch as this money also will necessarily have to be employed largely outside India, inasmuch as Indian business-men cannot utilise it for their own purposes, would it be wise to export the money out of India unless the necessities of the situation are so grave that there is no alternative but to face it. Therefore, we are naturally driven back to the question which I raised yesterday and which I have to raise later on, as to whether the Railway loan for this purpose is of such

an emergent character, so insistent in its demand that it cannot be reasonably postponed without incurring such a considerable risk to the general financial situation.

"Then I said that you should not encourage the money market in India to look to a very large rate of interest from the Government. I think there is a large question of policy involved here. Now there are a number of persons who have invested money in Government securities carrying a low rate of interest. Of course they have been hard hit during the war, and that could not be helped, but are we to add further to the depreciation of those securities by throwing again into the money market securities of the Government carrying a larger interest than even 5 per cent ? I do not think as a business proposition it would be very practicable to reduce the rate of interest to very much below what we had to pay last year especially having regard to the interest that is being paid by the average borrower in the money market in India. Well, that being so, if an impression should prevail that money can be kept back until the Government pay this amount, I think in the future there would be some handicap to Government flotations, and therefore we must think twice as to whether we should embark on a policy of that description. We must remember, Sir, in this connection that what we are asking to-day is virtually not to raise a flotation of 10 millions but really of 16·9, because we are asking for the withdrawal from the reserve 6·9 million pounds which, I believe, was really money borrowed, and we must also face the fact that we shall have to meet in the coming years the payments of large sums of money towards the discharge of the loan raised to make the one hundred million gift. These are, Sir, some of the reasons from the point of view of the money market which I thought would be ample reasons for justifying a proposition of this kind.

"Then to turn to the Railways. I shall not go into the details which I may have to go into when I take up that particular point. I said yesterday that we were trying to meet, to overtake, the arrears of the last four years. I think on examination it will be found that the money that was being employed prior to the war only on rolling-stock was a much smaller sum than I had given yesterday, and you will also find on examination of the figures that the produce traffic in 1919-1920 would be very much smaller than what was put in 1914-15, owing to insufficient rainfall in many parts. However, inasmuch as I shall have to take up the Council's time on that point later on I shall not deal with it at greater length now. I hope therefore that the Council will see that there are ample reasons for asking that this loan should be restricted in the manner I have proposed."

The Hon'ble Pandit Madan Mohan Malaviya :— "Mr. Vice-President, I strongly support the Resolution which has been moved by my friend Mr. Sarma. In addition to the reasons which he has urged, I would ask the Council to take one more point into consideration, and that is this. Hitherto we have never worked up to a programme like what is proposed for the next year. I feel that it is a larger programme than can reasonably be expected to be carried out if there is not really to be extravagance and waste which would be deplorable in the present state of the country. I think, Sir, therefore, that Mr. Sarma's proposal is a reasonable one. It is proposed to spend 17 crores and odd on the improvement of rolling-stock. The improvement of rolling-stock is a matter of great interest and concern to the public. I do not grudge a reasonable amount of expenditure on this item. But I consider, Sir, in view of the present industrial situation, due to the war, the expenditure proposed is excessive. We must not forget that this is the year of the war not yet closed. Peace has not yet been signed. Industries have been disorganized in England also, and I wonder how the Government expect to get during the year all the material with the money that they are budgetting for will purchase. Of course they may be able to import railway material from America, but I do not think that the patriotism of Englishmen or of Scotchmen either, will permit of that course being adopted, and if you are not to go to other countries I do not know whether you will be able to get all the material in time to be able to carry out the programme within the year for which you are budgetting.

"Secondly, assuming that you get over all the tonnage and shipping difficulties and that you get all the materials in time, I do not know if, without incurring an amount of waste in working up this programme here, you would be able to utilise the full amount within the course of the year. For these reasons I support the proposition which has been moved by my Hon'ble friend Mr. Sarma. Even if the proposition is accepted, the amount which will be left will be a large one. It would enable the Government to keep up the Railways in a sufficiently efficient condition, and we can look forward to further progress in the years that lie before us. I hope, though it is almost hopeless to hope, that the Hon'ble the Finance Member may yet see his way to curtail the programme, to reduce the amount which is budgetted for to the extent suggested, and at any rate if not exactly by that amount, then at least by something less. In the present state of the country the need for expenditure in other directions is very great, and the provision of such an enormous expenditure on the improvement of railway rolling-stock seems to me to be unjustifiable. For these reasons, I support the Resolution which has been moved by my friend Mr. Sarma."

The Hon'ble Sir James Meston:—"Sir, when the Hon'ble Member, who has moved this Resolution, fulfils the prophesy that was made last evening and occupies this seat ten years hence, I hope that he will be a little more insistent on Hon'ble gentlemen explaining what underlies somewhat cryptic Resolutions. As this Resolution is worded it gave us all in the Finance Department a certain amount of interesting food for speculation. We had no idea what the Hon'ble Member meant or on what grounds he was going to justify his somewhat drastic proposal. I had, I confess, a sort of wild hope that he was going to produce out of his pocket some new and pleasant method of raising the funds without going on the money market, and I was looking forward with great anticipation to his nostrum. However, Mr. Howard, with constitutional caution, dissuaded me from entertaining any such aspiration, and then we looked down the long series of Resolutions which stand in the Hon'ble Member's name and we attempted to do a little arithmetic. We saw that on one side he proposed to reduce the expenditure on railways by £5 millions, and that he was going to cut down the Loan by £4 millions, which left one million for some other purposes, probably for the purposes stated in his three further Resolutions. However, when we added up the expenditure advocated in the next three Resolutions it came, instead of £1 million to £2 millions, and we knew the Hon'ble Member was too good an arithmetician to make a mistake of that sort, and so we came into the Council still in a position of bewilderment as to what actually the Hon'ble Member meant. He has now in an interesting and lucid speech dissolved our bewilderment, and he tells us that his sole purpose is to associate this Resolution with the Resolution which stands as No. 10 in to-day's Agenda; and in anticipation of his moving that Resolution we have had his proposal supported by my friend the Hon'ble Pandit, who takes strong exception to the extended railway programme, and tells us that it is impossible to spend the money that we have budgeted for without waste and extravagance. I am content to leave him to the tender mercies of my Hon'ble Colleague on my left when he proceeds to deal with Resolution No. 10, and I shall proceed to answer, as far as in me lies, the suggestions and the criticisms that have been made by the Hon'ble Mover of this specific Resolution before us. He says that he wants us to stay out of the market this year except to the extent of £6 millions, in order, I take it, to give the market a rest, to give the market an opportunity of fulfilling other demands upon it and so on; and that is in substance his first substantial reason for reducing our loan. He says the shortage of floating money is apparent from the returns of the savings banks, and that we shall be unable now to raise more than £6 millions. I have listened with profound respect, but I am afraid with very little conviction, to the Hon'ble Member's *a priori* arguments on that aspect. We can at least have a try and see what the market will give us. The same argument would have deterred us from raising loans during the last two or three years, and still we did not do so very badly with those loans, as he will find if he will look at the statistics of our borrowing operations. We have intentionally very largely reduced our demands for this year in order to give the very opportunity

which he is anxious for, in order to give new companies an opportunity of coming on the market or old companies an opportunity of increasing their capital, and I may say that they are already beginning to do so on a very satisfactory scale. Another reason the Hon'ble Member has suggested for our not showering money upon railways is that we, by pursuing such a policy, would be exporting more of our own money. There is already a great deal of money of ours lying in London, and he says he does not want us to add to it. If that were the result of our borrowing, I should most cordially agree with him, but fortunately the result of what we are proposing to do is exactly the opposite. What we are going to do is to import money, we are going to bring out not gold or silver, but wealth. After all money is only a token of wealth. We are going to bring out wealth in the form of railway material against this £4 millions, and the wealth will be used for remunerative purposes. I do not think the Hon'ble Member need be afraid that there is any financial heresy or economic fallacy underlying these proposals.

"Briefly, Sir, the Hon'ble Member's proposition involves one of two consequences. The first consequence is that we should reduce our loan and retain the railway figure. This assumes that the present Resolution is dealt with without reference to its corollary later. If we accept this consequence, it implies that we have to pinch our Ways and Means; we have got to refrain from paying for something else. If you will turn to page 86, you will see the sort of thing you will have to cut down; we should have to cut down the discharge of our Treasury Bills, or go without paying for the silver we have purchased from America: or we might probably have to refrain from paying His Majesty's Government certain dues which we owe them. I am sure the Hon'ble Member, like myself, has a constitutional objection to postpone or reduce the payment of our lawful dues, and yet that is the position into which he is forcing us. The second alternative would be to assume that, along with the reduction of the loan, we are going to reduce our railway programme. Of course we still have to see whether the Council approve of any such suggestion, but if they did take the extreme step and reduce our railway programme correspondingly, what is the Hon'ble Member doing? He is preventing us from doing the very thing that he advised us to do last night. He was telling us how gravely wrong we are in allowing our paper currency to be inflated to the extent that it is; he was telling us that we are gravely wrong in having so many Treasury Bills floating about the market. I do not say we are right in this, and if circumstances had not been too much for us, we certainly would not have fallen into these uncomfortable habits. But even if our railway programme were reduced, would not the Hon'ble Member let us have our £4 millions in order to help in clearing these floating loans to which he takes such strong, such just exception? Would he not allow us to pay off our Treasury Bills and withdraw some of our surplus currency notes? I think the Hon'ble Member is hardly consistent. On the Resolution as it stands, without reference to any other subsidiary arguments based on the Resolution which is yet to be moved, the Government must oppose his motion."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, it is difficult at the stage at which we have arrived for the Government to do otherwise perhaps than what they have done, namely, oppose the Resolution, but I must confess that I have not been able to be convinced by the Hon'ble Member's arguments. Of course it is easier for me to be convinced than for the Hon'ble Member to be convinced by my arguments, because I have got no particular position to defend, and I should therefore have very gladly accepted the Hon'ble Member's conclusions if I had felt that there was considerable force in his remarks. Well, Sir, I have already alluded to the experience of the last two years in my original remarks and tried to show how that cannot afford any standard whatsoever for a judgment as to what is likely to happen this year unless a somewhat similar attempt be made by the Government to push forward their scheme of flotation of this loan. I have not the slightest doubt that if the Government will it, they will have this £10 millions, and even more, but the only question is whether they should will it having regard to these circumstances, nor have I the slightest doubt that next year the Hon'ble

Sir James Meston will be able to say—'Mr. Sarma said the loan could not be floated, but we have been able to find the £10 millions easily.' But that would not be any justification for saying that the previous market experience has to be altogether neglected and that we ought to rely only or mainly on the experience of the last two years. I shall not deal with that point at greater length.

"Then it was said that my Resolution did not give any reasons whatsoever for the reduction, and that therefore the Finance Department were naturally at a loss to know exactly what was in my mind when I framed my Resolution. I am very sorry for not having been more argumentative, or rather, for not having been argumentative at all; but I was afraid I might be caught by the rule which says that Members should not be argumentative when they frame Resolutions. I shall attempt to give my reasons hereafter. But I may say, Sir, that one object I had in view in moving this Resolution was to have a reserve available to the Government which, along with other resources on which I shall dwell when I come to the next Resolution, would give me the monies that I want on the second, third and fourth Resolutions. That was one of my objects, and there is no need for concealing that fact. I ask for 2 millions and there is a surplus of 1·868 millions. I had hoped to be able to show that expenditure marked as 'Contingent' could be easily utilised by the Government, who had only ear-marked revenue for indefinite purposes, for the purposes that I suggest; so that there should be no difficulty whatsoever in the Government finding money to spend in the ways which I shall indicate when I come to the next Resolutions; and this one million was particularly meant for that purpose. But apart from that I tried to put this matter from two standpoints. The first was independent of the railway programme; but I never said the two were unconnected. I did not wish to detain the Council with any lengthy remarks on the last proposition, because I thought it would be wrong on my part to deal with that at great length now. These are inter-dependent propositions, as I have already said; and I am confident that I can put myself in the hands of the Legislative Council on the merits of this Resolution viewed apart from the railway Resolution as well as in conjunction therewith."

The Resolution was put and rejected.

RESOLUTION *RE* INCREASE OF BUDGET ALLOTMENT FOR SANITATION.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to put the next Resolution:—

'This Council recommends to the Governor-General in Council that the Budget allotment '24-B.—Sanitation, etc.,' be increased by R50 lakhs towards the equipment and improvement of the Health Department, and by R50 lakhs for the improvement of water-supply in rural areas.'

"I trust and hope that now that we are to have the full loan of 10 millions, the Government will be able to view this Resolution more sympathetically than they did the last Resolution. What I feel is that the Government and the Legislative Council will be at one in thinking that the money should be found for this object if it can be found for any object at all.

"Sir, supposing the statesmen attending the League of Nations in Europe, or for the matter of that any of us, were to open a morning newspaper and read there that on account of some preventible cause or some preventible calamity the whole of the population of Greece and Servia, or Belgium or one of the smaller countries of Europe, or for the matter of that, Scotland or Ireland, was swept away. What would their sensations be; what would their feelings be like? Would they give way to a fatalistic formula or would drastic attempts be made to meet a situation of a similar character should it unfortunately ever arise? I do not propose to be theatrical in dealing with this proposition because the hard facts of the situation are sufficiently clear, potent, influential and convincing to need any mere

display of sentimentality. The country seems to have taken the loss of 5 million souls owing to influenza rather coolly and cynically. The Eastern temperament, which accepts with abject submission what it conceives to be the decrees of Providence, has never been known to do better; but we expect the Western statesmen ruling our destinies to put more force into the machinery in order to avoid such calamities. Put from the purely business point of view, what does the loss of these 5 million men, women and children amount to? I tried to say yesterday that at the very, very low figure Rs. 60 per human being the loss would amount to 30 crores per annum, and capitalised at 20 times it would amount to 600 crores. But Rs. 60 per head is a very low figure. It may be said that influenza is admittedly one of those visitations which cannot be exactly foreseen and prevented. But what about the preventible mortality that is going on in this country? Seven millions are being carried away, partly owing to inevitable causes and partly owing to preventible causes. I think it is acknowledged on all hands that deaths from cholera could be prevented. Deaths from dysentery and diarrhœa, which really largely come under the head 'Cholera' and even if they come under dysentery and diarrhœa are equally largely preventible, help to swell the list of mortality. Small-pox is another annual visitant, to say nothing of malarial fever, which carries away more than 4 millions in a single year. If we take the normal death-rate in Europe at 14 to 17 per cent. and the normal death-rate here during the last ten years for which figures are available at 31·8 per cent., we see at once the remarkable disparity between them; and even if we assume that owing to an Eastern country being in question the rate of mortality would be naturally higher, I think the preventible deaths can be assumed to be not less than $2\frac{1}{2}$ millions a year. I ask you again to look at it from the business point of view, the sordid business point of view, let alone from the higher moral or humanitarian point of view. What does the loss amount to? I am bringing these facts, Sir, prominently to your notice to ask the Council and the Government to accept a new principle, a departure from orthodox methods, in dealing with this situation. I know I shall be told that the pagoda tree cannot be shaken, that after meeting the ordinary needs of the country we are trying to do what we can in the way of giving medical help, in the way of promoting sanitation, and that possibly the Government can show that they have done more than other Governments in the past. But I ask you to depart from that doctrine; I ask you to look at it from the Western standpoint, to look upon the expenditure that you should incur hereafter as a sort of national insurance against debility, death and starvation, insurance against industrial fatiguing causes, industry-defeating causes, production-decreasing causes. I ask you to look at it from that point of view and find the necessary money for sanitation, for medical help. If you look at it from that point of view, I think that even 30 crores a year would not be a bad sum to start with. But I know that that is a ridiculously high figure and one which need not be entertained for a minute. I have put my proposition now on the Agenda chiefly for the purpose of getting the principle accepted at the nearest possible date, and for something being done to start the principle into active vital enforcement. That is the reason, Sir, why I have asked that this 50 lakhs should be provided for the health department and 50 lakhs for the water-supply in rural areas. Yesterday we were told that the Governments of the Provinces had exceeded the Budget estimates of the previous year by as much as 40 lakhs, had exceeded the sum which was generally utilised in previous years, and therefore we should thank our stars that in spite of there being no specific instructions the Local Governments were very wise in using their discretion in drawing upon their ancient hoards for the purpose of meeting these new disbursements. We are thankful that there has been an increase, and we deeply regret that in some of the provinces there is a large surplus still available which has not been utilised owing to the indifference, the reckless indifference I would call it, of the Provincial Governments in not foreseeing expenditure and not planning beforehand what their proposals should be in case money was available. At any rate, Sir, it is the duty of the Government of India, having the supreme control, to whip up the Local Governments into active work, if they fail to do their duty. I do not see what the Government of India are for if they do not discharge that duty. Now, what is

40 lakhs when the task is so gigantic? I was very much amused when these increased estimates and percentages were indulged in yesterday. I know that some of us when dealing with percentages open ourselves to the same remark. I remember when I was young some students in colleges newly started used to boast of cent. per cent. successes of the students that went up from those colleges, whereas the percentage of successes in older established college was very poor. Well, if the number sent up is one and that one passes, the percentage is 100. If a hundred boys are sent up and only 20 pass, the percentage is only 20, but still the number who have passed is 20. Similarly, when you deal with percentages, you must be very careful as to whether the money you spend has been proportionate to the undertaking and the increased ratio has a relative significance when there is a large expenditure in the past, whereas when you were spending very little in the past any small addition would swell the percentage. I think my remarks would be perfectly justified when you look at the ridiculously small sums that you have spent on sanitation in past years. Therefore there is no reason why we should be exultant over the percentages, or think that it is such a glorious record when we indulge in the pastime of dwelling on percentages to suit our own arguments. I submit, Sir, that I understand the limitations of the purse and that it is impossible to fly in the air and make a very large provision, but I hope I have said enough to convince you that on the first part of the Resolution there is need to depart in principle from our ancient practice and look upon the health department as a national insurance department just as much or just as little as the War Office is. Is then the 50 lakhs I have asked for too much? There are 1,100 divisions with an average population of 200,000 roughly in India. Even if you give one assistant surgeon and two sub-assistant surgeons with the necessary staff and a little money to spare, each division or sub-division would not have more than Rs. 45,000. But you will have a nucleus of a staff which can be developed. I believe, Sir, that it is absolutely necessary that the Government of India and possibly the Provincial Governments should have sanitary experts at the head to warn, to think out these problems, to understand what is going on in the rest of the world, to inform intelligently and in time the responsible Governments of the needs of the situation, to advise Provincial Governments and local bodies as to what is being done to bring the delinquencies, the omissions, the irregularities and the lapses of these subordinate administrative bodies to the notice of higher authorities for correction and reproof. I know that the present medical administration is doing splendid work, has been very, very sorely exercised during the last few years, and it would be ridiculous, wrong, cruel and mad to attribute to them any lack of industry or zeal to do what lies in human power to meet the situation. But it is impossible to expect from such a meagrely staffed body results at all proportionate to the needs of the situation. I therefore respectfully submit that the day should not be postponed, should not be unduly postponed, when we should give these bodies the necessary staff to undertake this task.

"Much of what I have to say with reference to this and the next Resolution would cover a portion of the Financial Statement. I hope to be well within my time, Sir, but if I trespass my time-limit on this I shall curtail my speech on the next. I respectfully request the indulgence of the Chair because I do not wish to take up the time of the Council unnecessarily . .

The Hon'ble the Vice-President:—"I am afraid that to-day I must hold Hon'ble Members strictly to the time-limit."

The Hon'ble Rao Bahadur B. N. Sarma:—"Well, then Sir, that is so far as the first part of the Resolution is concerned. Then, with regard to the second part, I have only to say this. I have in my mind a vivid picture of what is passing with regard to this water-supply in rural areas, both where there is an abundant source of supply available and where there is no water at all. In dry villages the task is how to find water, and how to assist materially in adding to the amenities of life. From the industrial point of view you will save a large waste of time by women not having to spend two to three hours in seeking to get a pot of water for their daily use. It need not be expatiated upon. In other parts, in delta and other tracts, where water is available, it is so

filthy that the first flushes bring cholera and dysentery. With a little organisation you can improve it. I therefore hope that this item of expenditure need not be further expatiated upon to recommend itself to the acceptance of Council.

"Then we come to the question as to whether there is money for it. We have a surplus of £688,000. In dealing with this proposition apart from the question of the surplus, I ask you to consider whether it is not time for the Government to act upon the principle of the Reform proposals, in framing their Budget. I ask you to do this for the reason that apart from normal expenditure on the Army you budgetted for nearly 180 lakhs from revenue in trying to get the money that was promised last year. The excess profits duty is estimated at Rs. 7·5 millions, therefore if we make allowances for the fact that the rest of the money has been taken from revenue whereas it is a legitimate loan charge or taxation charge, I am within my rights in asking that the Imperial surplus should be used for this purpose. I said yesterday that if you leave the normal growth of revenue under land-revenue, court-fees, etc., you would have 175 lakhs to be given to the provinces or minus income-tax 160 lakhs. I ask that at least indulgence might be shown if this is to be a Provincial burden. You may treat it as a gift by the Imperial Government to the Provinces, the Provinces being left to utilise what is likely to be their own in the near future. Any way the money is theirs and, together with the 201 lakhs you propose to leave the Provinces on the Budget figure of 1917-18, there will be ample money in the Provinces to meet this expenditure. I beg that you may treat this money as a gift from the Imperial Government because the Reform proposals have not come into effect. Money is necessary for the purposes I have set out, and I am insistent for this reason that if we ignore the true Imperial surplus there is every risk of the military expenditure being swollen to enormous proportions so that you will practically get out of the country in the shape of Imperial taxation every pie leaving nothing for Provincial development. The matter should be looked at from that point of view. There is not the same surplus available in all Provinces alike, in Madras it is *nil*; in three Provinces taken together it is 7·4 lakhs. I think the matter should be viewed from this point of view, and I therefore request that the Government may be pleased to take this Resolution into their sympathetic consideration and vote the money."

The Hon'ble Mr. W. A. Ironside:—"Sir, I did not intend to rise again to-day, for I thought after yesterday's experience that Mr. Sarma would have hesitated to get up and repeat some of the arguments then used as to the financial troubles of this country, but apparently like the brook of poetic fame he goes on for ever. I listened with much interest to his exposition and explanation of the financial features of the Budget. Am I to understand that this is the financial view as made in Madras? because if that is so I can quite understand the libel which has been levelled at that Presidency. In regard to the views put forward by Mr. Sarma on the subject of the necessities of sanitation, medical relief and water-supply, I may say that there is no one more insistent, more eager, than I am that these should be provided throughout India, but in questions of finance, no matter whether one is dealing with Imperial finance, Provincial finance, commercial finance, or shopkeeper's finance, one has to cut one's coat according to one's cloth. At the present time the Hon'ble the Finance Member has gone out of his way to put every rupee into the pool, and it has been done in a most extraordinarily generous manner on behalf of each and every department. When one deals with finance, and especially expenditure, the immediate necessity is to see what expenditure gives the quickest return. Now, as I pointed out yesterday, if railways are to be run less efficiently everything else in the chain of economic progress must be checked, retarded, and ultimately, if the plan be continued, stopped. I should be more inclined to listen to Mr. Sarma if I felt that this expenditure on sanitation were to have immediate effect. Only yesterday I read the Bengal Government's Report on some of the municipalities of that Province, and there a statement is made of the utter incapacity of the educated classes to grasp the value of sanitation. I refer to the Dacca Municipality; we have any number of other similar cases. I know that industrial concerns in Bengal and Bihar

and Orissa are daily spending money on water-supply schemes and on sanitation; and if we could but get the assistance, the practical assistance and the advice, of the educated people in our midst, our task would be so much lessened. We spend money day after day on this or that scheme for the amelioration of the people, and one of our main desires is to get the educated classes to assist us in the task of ours. So Mr. Sarma must not think that I am against the principle of Sanitation. I am not. But when he talks on this subject, I think it will be fair to say, he is wasting the time of this Council on expounding views which are economically unsound, and I feel that it is necessary to make some protest against some of them, otherwise without a protest they might be accepted outside this Council as correct."

The Hon'ble Mr. Surendra Nath Banerjea:—"Sir, I did not want to take any part at all in the discussions of to-day, and I had imposed upon myself what I would call the vow of silence. But I am obliged to break that vow in consequence of the observations of my Hon'ble friend to my left.

"My Hon'ble friend was pleased to say in the course of the observations which he has addressed to us that the educated classes—I suppose he has in his mind the educated classes in Bengal with whom he is in close touch—that the educated classes have, exhibited an utter incapacity to grasp sanitary problems. I distinctly challenge that statement, and I say that whatever sanitary progress has been made in my Province has been largely due if not to the initiative, at any rate, to the persistent and strenuous efforts of the educated classes. I am not content with making a general statement of that kind. Every general statement should be tested by reference to concrete facts, and I desire to call the attention of my Hon'ble friend and of this Council to facts which, I think, will completely disprove the allegation which my Hon'ble friend has made with reference to the incapacity of the educated classes to grasp sanitary problems. Let us come to facts. My fact No. 1 is—The complete change in the sanitary condition of the town of Faridpur has been due to the initiative, the public spirit and the foresight of the Chairman of that Municipality, Mr. Amvica Charan Muzumdar, who was in 1916 the President of the Lucknow Congress and who was in consequence of his sanitary efforts congratulated by Sir John Woodburn, then Lieutenant-Governor of Bengal, as the Grand Old Man of East Bengal. He it was who projected the water-works of Faridpur. He it was who raised the funds for those water-works. He it was who completed those works, and the Government thanked him on the completion of those water-works.

"Then let us take case No. 2. Take the case of the district of Krishnagar. The water-works are about to be undertaken. Who was it that initiated these water-works? Again, a non-official Chairman of the Krishnagar Municipality, my respected friend Rai Bishambar Nath Bahadur. They are appealing to Government for funds.

"Take again the case of Hoogli, which has a history behind it, and I need not go into it here. There again the water-works were initiated by my friend the Chairman of the Municipality, Rai Manindra Chandra Mitter Bahadur, and the water-works were completed, and, I think, he himself made a very large contribution towards the water-works.

"Then, Sir, coming nearer home, here is my friend to my right the Hon'ble the Maharaja of Kassimbazar than whom there is not in Bengal a more patriotic, a more liberal, a more philanthropic public man. We have got the water-works at Berhampur, and I think he was Chairman of that Municipality for some little time, and these works have completely transformed the sanitary condition of the place. Who was it, again I ask, who initiated those water-works and bore the burden of them? I think my friend paid about half a lakh. No, I stand corrected, my friend paid two lakhs for those water-works. The health of Berhampur is very different now from what it was twenty years ago. It was the hot bed of malaria. People used to run away from Berhampur. But now Berhampur, I will not say, is a sanitarium, but at any rate it is largely free from the scourge of malarial fever. There is that great educational institution the Krishnath College towards which my friend has paid a large sum of money, and I think he contributes about 3 lakhs of

rupees a year towards the maintenance of educational institutions and the college is attended by 1,100 boys, healthy and strong young men, and the town is healthy owing to the water-works initiated by my friend, and the people of Berhampur feel deeply grateful to him for them.

" Take again the case of Murshidabad. Here again the initiative is due to Indian gentlemen who, I am told, are unfit to grasp sanitary problems. I am sorry that a statement of that kind should have been made by my friend the Hon'ble Mr. Ironside, for whom I have great personal respect. I am truly sorry that such an observation should have been made. Whether you pass this Resolution or not, that is another matter, but I am here to vindicate the character of my countrymen against the unjust aspersions which have been cast in this Council Chamber, and I should have rejoiced, speaking to the Resolution itself, I should have rejoiced if the Hon'ble the Finance Member could see his way to accept the Resolution of my Hon'ble friend Mr. Sarma. Wherever water-works have been extended, they have been attended with the greatest improvement in the sanitary condition of the place. Malaria has considerably abated, if it has not altogether disappeared. It is the one boon which the people appreciate; it is the one boon for which they are prepared to make sacrifices, and it is the one boon which the Government ought to extend to the people.

" My friend has referred to the incapacity of the people. There is another matter which I forgot to allude to. A Conference was held not long ago for the purpose of supplying water-works to the riparian municipalities. I was a member of that Conference. It was held in the Presidency Commissioner's office. The estimates came to about 36 lakhs of rupees, and the representatives of the municipalities, and I was one of them, were willing to pay the taxes that would be necessary for the water-works. Educated India appreciates the boon of sanitation, and no stronger evidence of the fact could be found than in the constant appeals which are renewed year after year in this Council Chamber for sanitary grants and the enhancement of the sanitary grants. My friend's Resolution itself is proof positive of the eager and keen interest which we feel in sanitary problems and in the improvement of sanitary areas. I do hope that my friend the Hon'ble the Finance Minister, if he can see his way, will accept this Resolution."

The Hon'ble Pandit Madan Mohan Malaviya:—" Mr. Vice-President, I give my hearty support to the proposal put forward by my friend Mr. Sarma. I do not wish to say anything more with regard to the remarks which the Hon'ble Mr. Ironside made, because I take it that he will withdraw those remarks and express his regret for having made them. I think, Sir, the proceedings of this Council and of the Provincial Legislative Councils bear most eloquent if also painful testimony to the strenuous efforts which educated Indians have been making towards the improvement of the sanitation of the country, and I think they bear also regrettable proof of the unwillingness of the Government to do as much as is needed in this direction.

" Now here we are in this year with a large Budget in which a very heavy sum is being set apart for expenditure on military purposes, and in which a very large programme of railway construction has been provided for. In these circumstances, I do not think it is a sin for an Indian who feels that there should not be so many preventible deaths in his country to appeal to the Government to set apart more money for the health department and for supplying drinking water to the people. My friend Mr. Sarma has pointed out how great, how pressing, is the need for more money being spent on the health department. I know from my little experience as President of the Seva Samiti in Allahabad how great is the need for supplying medical relief to the people in the villages. Our volunteers have gone into the villages during the time of influenza and distributed medicines so far as they could; but medicines have been asked for from long distances and we have not been able to supply them. The need for medical relief is patent, it is crying, it is insistent. I think, Sir, a Government which spends so much on other departments, which is anxious to be up-to-date in other departments, ought to find money to give the necessary amount of medical relief and protection to the people. The heavy death-roll to which my friend Mr. Sarma has referred

speaks for itself. It is high time that the Government made a resolve to reduce this death-rate and made a strenuous effort to achieve that end. We have this sad fact that six millions of people, according to official calculation, have been carried away by influenza. There are some people who imagine that these deaths from influenza could not be avoided. I can say from my personal knowledge and experience of the work we have done that these were preventable deaths, most of which, if not all, could have been avoided. They were deaths brought about by insufficient food, by insufficient sanitary surroundings, by want of early medical help, by want of milk to give to the patients when they were down, and by want of other remedies and ameliorating conditions which the Government and the people working together could secure and should have secured to the people. Apart from this influenza, the ordinary death-rate also has been very high. I do not want to take up the time of the Council by repeating the figures which we have been used in the past to refer to in this Council, but I ask the Council, when it is providing for expenditure on other departments, to find the 50 lakhs which is asked for to increase and strengthen the Medical department.

"As for the second item, the item for providing pure drinking water, it seems to me a sad thing that in this Council, consisting of so many European members and consisting of Indian members from all the Provinces, it should be necessary to argue this matter with the Government. One would have expected that the Government would have itself made ample provision for providing healthy drinking water in areas where it is not available. But when a Resolution has been brought forward, I hope the Government will see their way to accept it. The want of good drinking water has been responsible for numerous deaths which could have been prevented. My friend Mr. Banerjea has referred to his experience in Bengal. We have the same experience in our United Provinces. Everywhere where good drinking water has been provided, cholera has nearly died out, at any rate has become a less frequent visitor than it used to be, and we have found the health of the people generally improved. My friend Mr. Ironside said that he did not feel sure that expenditure on the head which Mr. Sarma has asked for was going to bring the quickest return. He also said that if the expenditure on sanitation were to have an immediate effect, he would have supported the Resolution. I cannot understand my friend. I do not know that there is any expenditure which would have a more immediate effect than the provision of good drinking water for the people. Everywhere that has been the experience. Of course it will not bring a quick return in the shape of pounds, shillings and pence, it will not bring any quick return in the shape of rupees, but that is not the only return which Government may be concerned with. Business-men may lay too much stress upon that aspect of the question, but the Government has a larger business, a more humanitarian programme before it, and it has to consider what mony is needed in order to prevent the premature death among people who should live normally to an old age. For these reasons, I would urge that the Government should accept this Resolution and provide the money that is asked for. If this is done I hope that the havoc of the last epidemic, such a death-rate, as we have had the misfortune to witness this year will not be repeated in future years. If this provision is not made, there will be widespread feeling in the country, that the Government is not sufficiently alive to the medical needs of the people, and to the sanitary needs of the people, and I regret to think that they will have justification for taking such a view. I commend this Resolution to the acceptance of the Government."

The Hon'ble Mr. W. A. Ironside:—"Sir, in making . . . .

The Hon'ble the Vice-President:—"We will certainly hear any explanation Mr. Ironside would like to make."

The Hon'ble Mr. W. A. Ironside:—"Sir, in making the remarks I made just now I knew they would raise a storm of protest . . . .

The Hon'ble Pandit Madan Mohan Malaviya:—"Condemnation, not protest."

The Hon'ble Mr. W. A. Ironside :—"Very well then, condemnation, from Mr. Surendra Nath Banerjea. When one makes a statement like that, surely it may be taken for granted that I did not do so without knowledge of the subject and without a thorough grasp of the facts, and I agree there are many individuals who are working hard, spending money, using their influence in favour of this most desirable object. But we cannot get away from the fact that a great proportion of the educated classes have failed to support the schemes for sanitation that have been provided by friends like those on my right here, and the case has been brought to my personal knowledge by facts, where the surrounding educated classes of the inhabitants could have done so much to render sanitary schemes with which I have been connected far more beneficial to the surrounding people. I withdraw anything in the shape of an imputation against individuals, it was never intended . . . .

The Hon'ble Mr. Surendra Nath Banerjea :—"Against us as a class."

The Hon'ble Mr. W. A. Ironside :—"Against the great majority of them."

The Hon'ble Mr. Surendra Nath Banerjea :—"I rise to point out that the imputation was not against individuals. 'Educated class,' I think those were the words used, and I submit that my friend, in view of the statement which he himself has made, will be good enough to withdraw the allegation so far as the class is concerned. Individuals you may pillory as much as you like, but I think I am entitled to ask my Hon'ble friend to withdraw the imputation as against the class."

The Hon'ble Mr. W. A. Ironside :—"I leave it to Mr. Surendra Nath Banerjea. I am quite prepared to withdraw it, but I cannot get away from the fact that if we are going to spend money, if it is to be on railways or on sanitation, it should be spent where it may secure the quickest return, and where I have spent money on sanitation my difficulty has been to get that return by reason of the apathy of the large number of educated people whom one would ordinarily have expected would have grasped the benefits placed at the disposal of their less educated neighbours."

The Hon'ble Sir Dinshaw Wacha :—"I am very glad, Sir, that Mr. Ironside has seen the advisability of withdrawing the accusation made against the educated classes. I read generally the annual Administration Reports of almost all the Presidencies and Provinces, and, as far as sanitation is concerned, during the last ten or fifteen years, I have seen that in every municipality and district board the educated classes are perfectly alive to the advantages of a good supply of potable water of a health-giving kind, and also to conservancy and other matters which help to prevent a high mortality. That being the case, I say, I am glad, Sir, that Mr. Ironside has thought fit to withdraw this allegation, which certainly is a libel against the educated classes. Apart from that, Sir, I am a member (though I will cease to be so on the 30th March) of the Bombay Municipal Corporation for thirty years, and nobody will deny at any rate that I have been one of the foremost members there to do every thing in my power, whenever the occasion arose, not only to increase the water-supply but also to see that medical relief and sanitation had the best chances of success from the Municipality as far as funds permitted. I do not mean to say that I am the only member of the Municipality who has done this; the whole of the Bombay Municipal Corporation has been insistent and useful in these directions. In Bombay, it was the educated classes who, in 1885, first raised the very big question of a large supply of pure water from the Tansa Lake at a cost of 1½ crores of rupees.

"The population increased, and only two years ago we were able to construct what we call a duplicate main at the cost of another crore. Even then we find now that the water-supply will not suffice, and what are we doing to meet the

inadequacy? At the present moment my Corporation is very busy attempting to get an estimate for a third supply of water, which will cost perhaps another crore. In ten years' time the Bombay Municipality will nearly have spent something like 4 to 5 crores on water-supply alone.

"Then look at our conservancy, which means cleansing the streets and removing nightsoil and other things which, if not removed, would cause great nuisance and high mortality. They are doing everything in Bombay for preventing the spread of cholera and other infectious diseases. They did everything to check the influenza epidemic when the latter was at its worst in September last, and when there was a heavy holocaust of as many as 750 deaths a day. Every educated young man—particularly from the colleges, volunteered to go about the worst parts of the town and very ably seconded the efforts of the Municipality—so ably that the whole press eulogised the services of every one of these young educated men. That certainly showed the spirit of our educated classes as to sanitation and prevention of diseases. Not only in the city but in other places too, like Poona and Ahmedabad, they did similar work . . . .

The Hon'ble Pandit Madan Mohan Malaviya:—"Some of those young men died."

The Hon'ble the Vice-President:—"Order, order."

The Hon'ble Pandit Madan Mohan Malaviya:—"I was only reminding my Hon'ble friend that some of these young men have died doing the work."

The Hon'ble the Vice-President:—"Hon'ble Members should address to the Chair any remarks they may have to make."

The Hon'ble Sir Dinshaw Wacha:—"Exactly, that is the rule we follow in the Bombay Corporation. We always address all remarks to the Chair. That is a constitutional procedure and you, Sir, have ruled rightly.

"Of course, my Hon'ble friend Pandit Malaviya is right when he says that some of these educated young men died while doing their duty. I know of a very able young man, Mr. Netrajan, who sacrified his life for this purpose while ministering to the afflicted. But, Sir, we need not further pursue this subject. I do admit that there are backward municipalities and other district and local boards which cannot go ahead for want of funds; but the spirit is there, and if there was more money they would do a great deal more in the way of water-supply and conservancy. As far as the Hon'ble Mr. Sarma's Resolution is concerned, I think it is a pertinent one. I myself yesterday told the Council what I thought was done by the Imperial Government itself in regard to sanitation. The accounts for 1917-18 showed an expenditure of £698,000 and the Budget estimate is for £998,000. I do not consider the revised estimates as complete, and I therefore compare the completed accounts of 1917-18 with the Budget estimate of the coming year. I find that we have increased the sanitation expenditure by nearly 57 per cent. As I said yesterday, when referring to this question, as far as sanitation is concerned, I think there is a bigger problem looming even than that of water-supply, because once the water-supply is put on a proper footing, there is an end to it. But a more serious problem of a permanent nature is the housing of the poorer classes in every part of the country. Insanitary housing is the cause of a greater holocaust of lives than even want of good drinking water. Therefore I observed that whatever is done in future by the Government in co-operation with private enterprise for the better sanitary housing of the poorer classes of the people would go a great way to reduce the prevailing heavy death-rate in India. That being my conviction, I associate myself with the Hon'ble Mr. Banerjea and say that, if the Hon'ble the Finance Minister could see his way to increase the grant in spite of the exigencies of the financial estimates, I for one would be very glad to support the Hon'ble Mr. Sarma's proposition."

The Hon'ble Mr. Malcolm Hogg :—" Sir, in according in a limited degree of support to this Resolution, I do not wish it to be understood that I necessarily consider that the figure of 50 lakhs suggested by the Hon'ble Mover is feasible under the circumstances of this year ; but I do feel that the need for increased expenditure on sanitation and medical relief in particular in this country is so great that I cannot let this Resolution pass without according to it a degree of support, in principle, at any rate.

" I do not wish to take up the time of the Council by going lengthily into the whole question of the need for sanitation and medical relief ; nor do I want to follow my Hon'ble friend, Mr. Ironside, into the somewhat thorny question as to whether people always take the best possible advantage of such facilities as are afforded them. I know of cases within my own experience where certain mofussil municipalities have shown a regrettable indifference to the necessities of sanitation. But that seems to me to be a question which is rather beside the point in discussing this Resolution. That might be an argument if we were discussing under whose control the expenditure of money granted for sanitation should be. But we are not discussing that question to-day fortunately. The only question before us now is as to whether there is a need for increased expenditure on these subjects in this country, and I do not think that can be denied. I should like to give just one very brief instance as showing the sort of conditions that I imagine prevail over very large parts of this country. During the recent influenza epidemic in a district which I know well and in which I have industrial interests, the only medical relief open to a large number of villages, the only means of coping with the epidemic at all, was our own doctor, employed at our own mills there primarily for the purpose of looking after the people who resided in our own village. The local authorities had to come to us and ask us to lend our doctor to the surrounding villlages and to supply the medicines. We were very glad to do so, but I do not think it is right that a considerable number of villages should be entirely dependent for medical relief on the chance fact that private interests happen to maintain a doctor and a dispensary in the neighbourhood."

The Hon'ble Rai Sitanath Ray Bahadur :—" Sir, I beg to associate myself and to express my sympathy with the Resolution which has been moved by my Hon'ble friend, Mr. Sarma, by giving it my humble support. In doing so, I also beg to refute the charge that the educated classes, so far as Bengal is concerned (I do not know what is the case in other Provinces), are backward in supporting any movement to improve sanitation and water-supply. So far as I know, and so far as I personally am concerned, I have all my life advocated the desirability of supplying good drinking water to rural areas, and I have in my humble way spent some money in supplying filtered water in one place alluded to by my Hon'ble friend . . . .

The Hon'ble Mr. Surendra Nath Banerjea :—" How much?"

The Hon'ble Rai Sitanath Ray Bahadur :—" Rupees 25,000 only. It may be that the educated classes on account of their poverty have not always been to the fore in supporting movements which go to improve their sanitary surroundings or to improve the water-supply ; but may I at the same time point out to the Hon'ble Mr. Ironside that whilst it is very easy to level criticism at the educated classes for their backwardness in these matters, what has the Calcutta Improvement Trust done so far to improve the condition, to remove congestion and bring about better sanitary conditions in the northern quarter of the town of Calcutta ?

" We, two or three Indian members of the Calcutta Improvement Trust, have been crying ourselves hoarse to improve the sanitary condition of the northern quarter of the town ; but all the efforts of the Trust have been practically directed to improve the areas to the south of Chowringhee, and not to the improvement of the northern quarter of the town. I hope Mr. Ironside will kindly try and find out whether this is so or not. We have been submitting note after note—making suggestions for the improvement and opening up of the northern portion of Calcutta but to no effect . . . .

The Hon'ble the Vice-President:—"I think the Hon'ble Member is travelling very far from the Resolution. This is not the Calcutta Improvement Trust."

The Hon'ble Rai Sitanath Ray Bahadur:—"I referred to that only in order to show that Indian members are not at all apathetic to the improvement of sanitation. With these few words I beg to say that I wholeheartedly support the Resolution, especially that part of it which says that provision should be made in the Budget to allot 50 lakhs more for the improvement of water-supply in rural areas."

The Hon'ble Rai Bahadur Krishna Sahay:—"Sir, I accord my hearty support to both parts of the Resolution which my friend, Mr. Sarma, has moved. It can hardly be contended that the allotment under the head of sanitation, etc., is at all adequate. At any rate it is not commensurate with the requirements of the Provinces. I believe all Provinces stand in need of larger expenditure under the head of sanitation—particularly for my Province of Bihar and Orissa I find that there is an allotment of Rs. 5,89,000 only for sanitation. If you take into account the vast population of that province, about 34 millions, it will at once appear that the provision made here is grossly inadequate. I find also another curious thing. The allotment under that head as regards another Province, namely, Bombay, with a population of 19 millions only, is 23 lakhs. First of all we have to see whether an allotment of 5 lakhs and odd is sufficient for a population of 34 millions. I submit that it is not.

"It is hardly necessary for me to enter the lists against the remark which has been made, unfortunately, by my friend, Mr. Ironside, as regards the incapacity of the educated people of this country to appreciate the problems of sanitation. I may remind my friend, that so far as my Province is concerned, this question of medical relief, as well as water-supply, has been times without number brought forward not only by the educated classes in the Provincial Council of which at one time both my friend and I were members, but also in the mofussil district boards and municipalities. A perusal of the proceedings of the Council and of the municipalities and district boards will, I am sure, convince my friend that far from their incapacity to appreciate problems of sanitation they have studied it, they have felt the need for a proper solution of the problem and have incessantly applied their minds to a solution of the problem. I think it was an uncalled for remark on the part of Mr. Ironside when he said that the educated classes in the country did not appreciate the problems of sanitation. . . . .

The Hon'ble Mr. Surendra Nath Banerjea:—"May I be permitted to make a suggestion, Sir, that this unhappy controversy should be allowed to drop, having regard to the fact that Mr. Ironside has withdrawn the allegation he made against the educated community?"

The Hon'ble Rai Bahadur Krishna Sahay:—"I said, therefore, that it was not necessary to enter the lists, in view of the fact that Mr. Ironside withdrew his remark. But I was just going to convince him that so far as my Province is concerned his remark would not apply. With these words I support the Resolution."

The Hon'ble Rai Bahadur B. D. Shukul:—"Sir, on behalf of the Central Provinces and Berar I rise to submit my emphatic protest against the . . . .

The Hon'ble the Vice-President:—"I must call the Hon'ble Member's attention to the fact that the allegation has been withdrawn."

The Hon'ble Rai Bahadur B. D. Shukul:—"Yes, but not against the educated classes, Sir. As coming from the backward parts of

the Central Provinces I do assure the Council that the members of the backward municipalities are as keenly interested in the question of adequate water-supply as the members of advanced municipalities like Bombay and Calcutta, and as such I submit that the Hon'ble the Finance Minister will kindly see his way to accept the suggestion made by my Hon'ble friend, Mr. Sarma. In my Budget speech last year I pointed out how the allotment for sanitation was not adequate so far as the Central Provinces were concerned, and I now find to my regret that the situation has not very much improved. With these words I commend the Resolution of my Hon'ble friend, Mr. Sarma, to the acceptance of this Council."

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—" Sir, the Resolution moved by my friend, the Hon'ble Mr. Sarma, has been so thoroughly discussed that I shall content myself with merely saying that I associate myself entirely and whole-heartedly with the object which my friend has in view, and I trust that the Hon'ble the Finance Minister will see his way to accede to the request embodied in this Resolution."

The Hon'ble Mr. Kamini Kumar Chanda:—" Sir, I will follow my friend, the Hon'ble Mr. Shafi's example, in simply associating myself with the Resolution moved by my friend Mr. Sarma. In fact in my remarks yesterday I think I went beyond what he said, and I earnestly hope that the Finance Member will see his way to accept this Resolution."

The Hon'ble Sir James Meston:—" Sir, the Hon'ble Mover in his opening speech said that he had no intention of being either theatrical or sentimental, and in replying to the Resolution I shall endeavour to follow his excellent example. I shall therefore express no sort of resentment against the suggestions that have been made that we, Government officials, do not regret the appalling calamity that has visited us in the course of the last few months or that we do not wish to see an enormous development of medical and sanitary work, or that we do not recognise that such medical and sanitary services as are available to rural areas are at present gravely inadequate or in fact generally speaking that we do not think as much as the Hon'ble Member does of the thirst of the people, whether it is . . .

The Hon'ble Rao Bahadur B. N. Sarma:—" May I make an explanation, Sir. I never meant that the Government did not have the people's welfare at heart or did not think of it at all. I simply ask them to think more about it, that they should give their millions to it."

The Hon'ble Sir James Meston:—" I was going to make that clear. The Hon'ble Member's speech was all that could be desired; but some of his followers moved a little further in that direction than I think he did. I do not want to exacerbate this debate in any way whatever. I do want to say that we are fully aware of the deficiencies of the system of sanitation and water-supply. As a Government we are fully aware of what I was going to describe as the thirst of the people, whether it was for pure drinking water in the literal sense or for education in a metaphorical sense. I say nothing further on those points. I have no desire to enter into the merits of the case. I subscribe cordially to the statement that has been made by my Hon'ble friend, Mr. Banerjea, that great energy and great generosity have been displayed by individuals and by large groups of the educated classes in providing water-supply for large towns. The discussion, however, has rather tended to drift away from the precise terms of the Resolution before us which do not apply to large towns, but apply directly and specifically to rural areas. Well, the real fact of the matter is, as the Hon'ble Mover has said and as Mr. Hogg who supported him has emphasised, that this Resolution endeavours to establish a principle. I accept the principle; I gladly accept the principle and in opposing the Resolution I do it purely on technical grounds. I have to oppose the Resolution on technical grounds, and I may say at once that for the same reason, on the same grounds, I shall have to oppose the next Resolution that stands in the Hon'ble Member's name.

" Public health, rural sanitation, primary education all stand on the same footing; and the reasons I have to urge upon the Council to-day for not

accepting these specific proposals for large grants to them are the same in each case. There are three or four good reasons to my mind why these Resolutions should not be accepted in the form in which they stand. In the first place, it is, if I may say so, the duty of this Council to insist upon the salutary rule that when an Hon'ble Member rises to propose large additional expenditure, he should say where that expenditure is to come from. The Hon'ble Mover in his speech referred in a general way to various possible sources, and he referred specifically to the Imperial surplus. Well, I ran down the list of proposals that stand in his name and I find the extra grants he asks for come to 3 crores ; the Imperial surplus is just a little over one crore ; it obviously therefore cannot go round. He does not propose that we should impose extra taxation ; the sources from which we are to find this extra grant are vague and indeterminate. I think it would be a beneficial thing to lay upon ourselves a self-denying ordinance that when we put forward proposals for extra grants we should specify clearly where the money is to come from. This is the first ground on which I shall oppose these two Resolutions. The second ground is that they are both opposed to the whole idea of provincial autonomy which now holds the field. We are endeavouring to get Local Governments to develop their own resources and surpluses and not to come cap in hand to the Government of India for assistance whenever they have any deserving proposals to put forward. The Hon'ble Member in that connection is doubtful whether the Local Governments have sufficient freedom to draw on their balances. As to that I can only refer him to the figures. The third ground on which I oppose the Resolution is that the provision of water-supply for rural areas, the development of their own Health Departments, the extension of primary education, are all matters for the Local Governments ; they have to draw up plans and to lay out programmes, and it will then be for us to consider the grant of assistance if they come and tell us exactly to what extent they wish the Central Government to co-operate. We have no suggestions in the current Budget from any of the Provincial Governments for extra grants. I cannot charge my memory with any single case in which a sanitary scheme or an education scheme has been rejected by the Central Government. The fourth and last reason why I ask the Council not to accept this Resolution in its present form is, that it is reviving the old, the discredited, the dead system of doles. It will be within the memory of a good many of the members of this Council that there was a time when doles were very much in fashion. There was the historic case in which India was revelling in money which accrued from the opium habit of the Chinese. There was a great deal more money than we knew what to do with, and enormous sums were offered to Local Governments for various beneficial purposes. What happened ? I can speak from personal experience. At least one Government received a very considerable amount for education, and we had to set to work to prepare schemes for the best employment of these funds. If we had employed them straightaway we should have been involved in recurring expenditure to an extent which our Provincial funds were utterly inadequate to provide. If we employed them, as we ultimately did, very largely on non-recurring expenditure, we required time to mature our schemes to see that we were using the money to the best advantage. These doles were not a blessing in disguise, very much the reverse. I believe that in the balances of Local Governments there are still lying considerable sums, dating from that period which Local Governments have not been able wisely to employ. It is a very easy thing to offer largesses to Local Governments ; it is very easy to go and say ' my predecessor has taxed you, my colleague has imposed an unwelcome policy upon you ; but here is the Finance Department, or any other department of Government, coming to solace you with money ' ; in other words, ' Codlin is your friend not Shortt.' That is an easy policy but it is an embarrassing policy, and to my mind an unwise policy. I trust the Government of India will continue to resist temptation of that sort and get the relations between the Central and the Provincial Governments on a healthier and more permanent basis henceforth. I have to oppose the Resolution as it stands, and I shall have to adopt the same attitude as regards the next Resolution, but in view of the strong feeling that has been expressed in this Council, I desire to say that I shall be very glad to consider, in consultation with the

Hon'ble Sir Sankaran Nair, who is in charge of these departments, the insertion in the final Budget for next year of whatever sum he considers reasonable for the development of central investigation into influenza or similar epidemics and measures for dealing with occurrences of that sort. Speaking generally, I am prepared to do that, but this does not apply to the suggestion about the improvement of the water-supply in rural areas which is entirely a Provincial matter. I do not know if my Hon'ble friend accepts that as sufficient, or whether he will still press his Resolution."

The Hon'ble Rao Bahadur B. N. Sarma :—" Sir, I have just to make a few observations with regard to the remarks which have fallen from my esteemed friend Mr. Ironside . . . .

The Hon'ble the Vice President :—" If the Hon'ble Member is going to refer to what has been withdrawn then he is out of order."

The Hon'ble Rao Bahadur B. N. Sarma :—" I am not going to speak of what was said of the educated classes, but certain remarks fell from the Hon'ble Member with reference to myself and the proposition I advanced. If he does not desire to press the point against me, I have no desire to indulge in any controversy, but if these remarks stand against me then it is my duty to reply to them.

" Sir, the Hon'ble Member has alluded to certain positions which I have taken up with reference to this debate and to financial questions in general, and has made a grave indictment against me. Speaking personally about my own position I have been accustomed to these attacks for the last thirteen years in the Legislative Councils with one break, and my reputation can be allowed to take care of itself. But my Hon'ble friend has dragged the dear name of the presidency to which I belong into question, and I must protest in the most emphatic terms against the suggestion that the Province has suffered cruelly at my hands.

" Well, Sir, in view of the support which I have received from the representative of the Bombay commercial community and the sympathetic remarks from the Hon'ble the Finance Member and of all my non-official colleagues, I do not think those remarks require any refutation whatsoever in detail. But when he made those remarks I literally trembled in my shoes as to whether he was going to follow up those vague charges with any substantial reasons, or whether he was going to indulge in them simply because that he was angry because I have suggested certain retrenchments possibly in other directions which hurt the interests he advocates. I may be permitted to say, Sir, that his remarks, though they show a general lip sympathy for the object which all of us have at heart, are, if construed rightly, a libel on the European commercial community, because he brings in the question of immediate financial returns when I ask for expenditure on sanitation and on the equipment of the Health Department. I do not think the mercantile world, the Indian mercantile world among whom some of the best intellects, cultured intellects, find a place, would deal with a proposition of this description in the manner in which the Hon'ble Mr. Ironside proposes to deal with it.

" I said, Sir, that I wanted an acceptance of the principle that we should look upon the Health Department as a national insurance department. He has not one word to say by way of argument against it. Is my proposition of such a stupid, fallacious character as to deserve that condemnation from him ?

" Then I asked for Rs. 50 lakhs. For what object ? For the equipment of the Department of Health. I suppose it is a monstrous financial proposition, a gross fallacy, that I have advocated in this Council wasting the time of this Council which does not appeal to my Hon'ble friend.

" And what is the third object ? I asked for Rs. 50 lakhs for rural water-supply, and he brings in the question of the educated classes. Wherein is there any connection between the educated classes and rural areas, I wonder ? And I was asking chiefly for the funds for wells and other objects in which educated classes would not take any part at all, and in which the machinery of the Government, largely official, would take part, and

therefore was there any fallacy in my argument even there? I fail to see any unless I am told wherein it lies.

"Then, Sir, the Hon'ble Mr. Ironside says the general objects to which I alluded are economically unsound financial propositions. Now what did I ask for? I simply said that the general Exchequer would have to find funds to adopt ways and means to meet this pressing situation, whatever may be the nature of the other difficulties with which we are confronted, even at the expense of risking a certain amount of diminishing expenditure under the favourite head 'Railways.' Most certainly in the Hon'ble Member's estimate Railways are better than the lives of His Majesty's Indian subjects! That is a new proposition that has been expounded to us here to-day.

"Well, Sir, I stand unconvinced by any of the arguments.

"Then with reference to the remarks of the Hon'ble Sir James Meston, I cordially appreciate the position that he takes. But, Sir, I have not asked for any interference with provincial autonomy. I have simply pointed out that if the spirit of the Reform proposals be carried out, then obviously this money that I am asking for would not be really the money of the Imperial Department which they would be doling out to Provincial Governments, but money of the Provincial Governments, money which is legitimately and rightfully their own. Therefore, the question of interference with provincial autonomy, that impolicy of doles, does not, I submit respectfully, come in here.

"Then, Sir, I am asked whether I have suggested additional taxation or addition to the resources. The rules of course prohibit me, they prohibit any non-official Member from raising any questions of taxation, and therefore that cannot be flung in my face, but I have suggested increased customs on beer, etc. But having regard to what he has said and to his decision, if possible, to find money if the Sanitary Department wants it, I do not think any useful object would be served by my pressing this Resolution on the further attention of this Council, and I therefore withdraw it."

The Hon'ble Mr. Malcolm Hogg:—"Sir, I would like to make a personal explanation. The Hon'ble Mover has referred to the support which I gave him on this Resolution. I just wish to make it clear that my support was limited to the general principle of allotting more money for medical relief, and did not necessarily extend to the methods by which my Hon'ble friend proposed to provide it."

The Hon'ble Rao Bahadur B. N. Sarma:—"I did not understand it."

The Hon'ble the Vice-President:—"I understand the Hon'ble Member desires to withdraw the Resolution with the leave of the Council?"

The Hon'ble Rao Bahadur B. N. Sarma:—"Yes, Sir."

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* EXTENSION AND IMPROVEMENT OF PRIMARY EDUCATION.

The Hon'ble Rao Bahadur B. N. Sarma:—"The next Resolution, Sir, that I have the honour to move is—

'This Council recommends to the Governor General in Council that the expenditure under education be increased by Rs. 150 lakhs to provide for the extension and improvement of primary education.'

"I shall not take up the time of the Council very much on this question. This is a hardy annual as was put last year by one of the Hon'ble Members, and it is unnecessary to ask this Council to accept the principle of extension of primary education. My object, Sir, in bringing forward the Resolution this year is of a two-fold character.

"The first is that this year and as early as possible we should recognise that the Provincial Governments should be given funds for the immediate

development of primary education in the Provinces. My object is to draw the attention of the Council to the fact that this question cannot be indefinitely postponed, that we should not be satisfied with mere paper Acts passed in the various Legislative Councils about compulsory primary education; that we should not labour under any delusions that the progress is going to be rapid if we are to be satisfied with the acceptance of the principle. Time was when the Government fought even the question of principle, but we seem to think that inasmuch as the Government have accepted the principle, we have gained 90 per cent. of the goal, that we are within measurable reach of victory, that our ideal will be realised in practice, that the Local Governments by passing paper Acts will be able to extend primary education. I want the Legislative Council clearly to realise that, in spite of the Act which my Hon'ble friend Mr. Patel had the honour of introducing and getting passed in the Bombay Council and similar Acts passed elsewhere, not much seems to have been done because the sinews of war have not been provided; there is no finance to back up the proposals. Now you will say 'this is going to be left to the people hereafter under the proposals for reform, therefore why worry us now about it?' Accept that principle if you please, but give us the money which is really the Provincial Governments' money. I will not deal with this matter at length, because I have dealt with it already and I have shown that if the Provincial Governments get their own revenues there would be more than 300 lakhs to their credit out of which they could meet this 150 lakhs. Be consistent, give them that, otherwise I ask you to accept the responsibility of the Imperial Council to provide funds from out of the general Exchequer this year. What after all am I asking for? Hon'ble Members will realise that we have during the last five years increased the total revenues of the country from £83 to £123 millions, or there has been an increase of £40 millions; in other words, Rs. 60 crores. I know that about Rs. 261 lakhs net have been added for education, that means about 4 per cent. I ask you to add 150 lakhs more, which would work out at 6 per cent. of the whole increase of revenues that I am asking to be devoted to education on which everybody is agreed the future salvation of India depends. Is that an excessive proportion? Is that a large sum? Am I to be told the Army wants this, the Railways want that, a third administration wants money, therefore we cannot provide for the prime necessities of education? I ask Hon'ble Members to see what is being done in other countries; people elsewhere are not satisfied with mere talk such as is indulged in here; they have been formulating proposals as to how even primary education should be supplemented by education up to the age of 16 and 18, how extension classes should reach everybody, how even University education should be within the reach of all deserving youths. That is the way they are proceeding about their task in order to equip the people of their countries with facilities to meet the growing competition of the world; to make the men and women worthy of their lives. But what are we doing? We are in an ante-diluvian era, thinking that every proposition is financially unsound, is economically unripe, and that a poor country cannot solve this question. I ask, Sir, that the Council should rise to the height of the occasion and should have this money. I am not asking for doles, I am not asking for provincial autonomy being interfered with, I want restoration of the old policy, that during the transition stage about 2·5 per cent. be given out of the increase of revenue during the last five years."

The Hon'ble Pandit Madan Mohan Malaviya:—"Mr. Vice-President, I heartily support the proposal which has been put before the Council. In doing so I will only add this much that if the Hon'ble the Finance Member cannot find the money in other ways, I should go the length of suggesting that this money should be provided out of the loan which it is proposed to take for the purpose of expenditure on railways, that to that extent the amount to be provided for railways should be reduced and the money should be set apart for education. I venture to think that if we will remember the history of the question of primary education in this Council and the Provinces, my suggestion would not seem to be altogether a wild one. Ordinarily the money needed for primary education should be found from ordinary revenues, but we find that adequate sums are not provided for it out of the ordinary revenue; but the purpose of providing primary education for the people ranks in importance

not lower than any other question. And if the Government, after making a strenuous and earnest effort to find the money out of the revenues to an adequate extent for this purpose, find themselves unable to do so, then I say that rather than delay progress by one year, they should borrow the money for one year and provide it for education, partly for non-recurring expenditure in the shape of buildings, partly for the creation of normal schools, and also to meet partly the expenditure of ordinary schools for the year, and then make a strenuous effort in the next year to find the money out of revenue. If they should not be able to do that, then I should say they should go on borrowing for a few years, *i.e.*, until they are able to find the necessary money out of revenue rather than allow the extension of primary education to be delayed year after year. We have expenditure found for building Delhi, we have money found for increasing military expenditure up to the extent asked for by the military authorities of the day; we have an immense sum found for expending it on railways. It is time we found sufficient money for education. I know a certain sum has been spent on primary education; we recognise that a certain amount is being spent on it; but that amount is not adequate to the needs of the situation, and this question of primary education is of greater importance from every possible point of view than any other question. For these reasons I suggest that the Finance Department should find the money asked for by Mr. Sarma out of revenues by cutting down expenditure in other directions, which I cannot suggest, but which the Department themselves are in a better position to find out; and if they cannot do so, then they should provide the amount out of borrowed money to the extent that has been suggested. I strongly urge that for the sake of humanity, do not let the progress of education be delayed any longer. The work that has been done is appreciated, but that is very small compared to what is needed, and I ask Government to find the money somehow, either out of revenues, or by borrowing, to push on the progress of this very beneficent reform which lies at the root of all other reforms so far as the welfare of the people is concerned."

The Hon'ble Sir James Meston :—"Sir, the Hon'ble Member has been brief in opening his proposal, and again I shall follow his example. I have indeed very little to add to what I said in reply to the last Resolution. I am still in a state of considerable uncertainty as to the Hon'ble Member's financial intentions. He assures me that he does not want doles, and if the Resolution in the form in which it stands does not mean doles, I am unable to attach any other interpretation to it. The Hon'ble Member said that there was a time when Government was opposed to the principle, I take it the principle of the extension of primary education. I do not remember that time . . .

The Hon'ble Rao Bahadur B. N. Sarma :—"Compulsory education."

The Hon'ble Sir James Meston :—"That is another question. My friend the Hon'ble Pandit Malaviya has advised us that we should borrow this million sterling for the purposes of education. I think it is quite conceivable that in the near future we may have to borrow for capital purposes such as the Hon'ble Pandit mentions, the erection of new buildings, normal schools, training institutions and so on, but I would point out that to borrow £1 million this year is certainly not going to provide the pivot of the system, the trained teacher. If I understand anything about primary education, it is that the whole success in the future depends on the provision of trained teachers, men who are able to come forward and occupy the schools that we build and take over the classes which are now being in many cases somewhat inadequately taught, men who have a thorough appreciation of the science of education and who are prepared to undertake the profession of education in the necessary missionary spirit. So that if my Hon'ble friend with his proposal for Rs. 150 lakhs, could take me with him to a shop where this product is turned out ready-made for immediate use, I should gladly provide the Rs. 150 lakhs If he would give me 15,000 teachers for Rs. 1,000 each, I should take them and pay the money down; or even 1,500 teachers at Rs. 10,000 each, I should take them and pay the money down. But I am afraid the product is not available, and so the money could not be spent, and I must oppose the Resolution."

The Hon'ble Rao Bahadur B. N. Sarma :—"Just one word, Sir. I listened with some surprise to the last argument that has been advanced by the Hon'ble the Finance Minister. It is an argument that has been advanced for the last ten years, I think, by almost every Finance Minister, both in the Provinces and in the Government of India. When is that psychological moment to arrive when the Government is going to start schools and prepare these teachers. Are we to be told year after year that that millenium must arrive, and until that millenium arrives nothing will be done. We are arguing in a vicious circle. What my friend the Hon'ble Pandit Malaviya said was, if the money cannot be spent straightaway in equipping teachers for primary schools, use the money for starting normal schools, for building purposes and for a thousand other purposes, for which, I think, estimates are being prepared during the last ten years in the Education Department. You want crores of rupees in the shape of non-recurring expenditure. You want crores of rupees in the shape of recurring expenditure ; and to be told that the Education Department cannot find use for these 150 lakhs is, I think, to be told what it is rather difficult to believe. I think there is not much strength in that part of the argument.

" Then the Hon'ble Member says it is a question of doles really. Of course it will be a question of doles so long as the ancient system of finances as between the Imperial and the Provincial Governments continues. I believe that it has been discarded. But so long as it is in force, the ancient practice of finding something even in the most difficult years for these essential departments, Education, Sanitation, etc., should not be departed from and some money should be found. Precedent is in my favour. Whether you look upon it as a dole or as the Provinces getting back what is recognised to be their own, is not essential, so long as the money is forthcoming. I hope the Hon'ble the Finance Minister, though he may not be able to accept the Resolution, will change his mind and before the 21st find some money for the improvement of this essential branch of Indian administration."

The Resolution was put and the Council divided as follows :—

Ayes—18.

The Hon'ble Sir Gangadhar Chitnavis.
" Mr. Surendra Nath Banerjea.
" Raja of Mahmudabad.
" Pandit Madan Mohan Malaviya.
" Mr. S. Sastri.
" Mr. R. Ayyangar.
" Mr. B. N. Sarma.
" Mir Asad Ali, Khan Bahadur.
" Mr. V. J. Patel.
" Sir Fazulbhoy Currimbhoy.
" Maharaja Sir Manindra Chandra Nandi.
" Rai Krishna Sahay Bahadur.
" Khan Bahadur Mian Muhammad Shafi.
" Khan Zulfikar Ali Khan.
" Sardar Sundar Singh.
" Mr. G. S. Khaparde.
" Rai B. D. Shukul Bahadur.
" Mr. K. K. Chanda.

Noes—32.

His Excellency the Commander-in-Chief.
The Hon'ble Sir Claude Hill.
" Sir Sankaran Nair.
" Sir William Vincent.
" Sir James Meston.
" Sir Thomas Holland.
" Sir Arthur Anderson.
" Mr. W. A. Ironside.
" Mr. H. F. Howard.
" Sir James DuBoulay.
" Mr. A. H. Ley.
" Mr. H. Sharp.
" Mr. R. A. Mant.
" Major-General Sir Alfred Bingley.
" Sir Godfrey Fell.
" Mr. F. C. Rose.
" Mr. C. H. Kesteven.
" Mr. D. deS. Bray.
" Lieutenant-Colonel R. E. Holland.
" Surgeon-General W. R. Edwards.
" Mr. G. R. Clarke.
" Mr. P. L. Moore.
" Sir Dinshaw Wacha.
" Mr. M. N. Hogg.
" Mr. T. Emerson.
" Mr. E. H. C. Walsh.
" Mr. C. A. Kincaid.
" Sir John Donald.
" Mr. P. J. Fagan.
" Mr. W. J. Reid.
" W. F. Rice.
" Mr. J. T. Marten.

The Resolution was therefore negatived.

RESOLUTION *RE* GRANT TO ASSAM COLLEGE.

The Hon'ble Mr. Kamini Kumar Chanda :—"Sir,—I beg to move the following Resolution :—

'This Council recommends to the Governor General in Council that the grant to the Assam Government be increased by a non-recurring grant of Rs. 11 lakhs and a recurring grant of Rs. 1 lakh for the Murarichand College at Sylhet.'

"Sir, in the first place I think I owe an explanation to the Council for bringing up an apparently local matter before this Council, so that there may be no prejudice against it on that score. I ought to assure the Council at once that I do not come here over the head of my Government. I am not an appellant against its decision, rather I am in the position of a co-plaintiff with the Local Government against the Government of India. The facts are these :—We had a private second grade college called the Murarichand College established and maintained by the premier zemindar of the district, the late Raja Girischandra Roy. It was a very efficient and successful institution. Its boys on more than one occasion secured the highest places in the University. During the swadeshi agitation the Government of Eastern Bengal and Assam decided to have control of the educational institutions, and negotiations were opened with the proprietor of the college to hand over charge of the college. A part of the contract was that it was to be raised to a fully equipped first grade college. The sanction of the Secretary of State was obtained for it, but in the meantime the Government of Eastern Bengal and Assam became defunct, and the Assam Administration was formed, and the Surma Valley districts of Sylhet and Cachar, I may say in passing, in the teeth of our opposition, were attached to Assam. However, it now devolved upon the Assam Government to provincialise the college and it was done while my Hon'ble friend sitting on my right was then Chief Secretary of the Assam Administration. The question of raising its status to the B. A. standard was then taken up. Some time was spent in a dispute regarding the site to be located, and after calling several conferences the Chief Commissioner, Sir Archdale Earle, visited Sylhet, and after consulting local opinion selected a site, and land was acquired by Government. But then unfortunately the war broke out and all work had to be stopped. But our boys then were in a fix. Although Bengalees, they were strangers in Bengal and could not find admission in Bengal because they were in Assam, and although they were in Assam they were strangers because they were Bengalees and not Assamese and could not find admission in the Assam College at Gauhati, and hundreds of boys were turned out, and the difficulty was to obtain accommodation for them in any college, and parents were not anxious to send them to Calcutta for various reasons and some of them were not able to afford it either.

"In this state of things the Chief Commissioner, Sir Archdale Earle, visited Sylhet in the cold weather of 1916, and we waited on him in deputation and placed our grievances before him. He fully went into the matter and was satisfied about the justice of our claim. But he observed that owing to the war funds would not be forthcoming for some time. If we agreed to pay a portion of the cost, about half, that would be required for the kutcha buildings to open B. A. classes and part of the cost of the staff for a year, he thought that matters might be expedited, and the local public agreed to these terms, and nine of the leading men of the town gave an agreement in writing to pay the sum of Rs. 18,000 which was estimated by Government. We now thought that the whole thing was all right and that the college would be sanctioned in no time, and we were directed to make our application for affiliation up to B. A. degree of the University. This was done, and I believe the Chief Commissioner addressed the Government of India, but apparently the Government of India was not anxious to pay any heed to it, and the University in its turn informed us that owing to a recent ruling of the Government of India, our application for affiliation was out of time.

"During the Budget debate of the Assam Council in March 1916,—I was then a member of the Assam Council,—we mentioned this matter and the Chief Commissioner invited some of us who were interested in the college to meet him. It was then decided that I was to come up to Simla to place our case personally before the Education Member. Accordingly,

armed with a letter of authority from the Chief Commissioner, I came in April 1916 and interviewd my Hon'ble friend Sir Sankaran Nair and Sir Edward Maclagan. I believe my Hon'ble friend Mr. Sharp was then away to Kashmir. I gratefully acknowledge that both my Hon'ble friend Sir Sankaran Nair and Sir Edward Maclagan were pleased to take a favourable view of the application, and removed the bar which stood in the way of the University to consider our application for affiliation. With that decision I went down to Calcutta, and approached the Syndicate. They then granted affiliation of the B. A. classes in Pass, and the classes were opened in kutcha buildings for which we paid the cost. In a short time the enrolment was exceeeded by more than double of what was estimated, and the result of the University Examination was more than gratifying. We now found that the college was flocked by hundreds of boys, but we had no accommodation and the staff was insufficient, and the affiliation was inadequate being confined to a Pass. We, therefore, approached the Government to place the college on a proper footing in accordance with the undertaking that was given to us, and the Assam Government pressed the matter to the notice of the Government of India. But the Government of India was unmoved and raised all sorts of difficulties. They objected to the site selected by the Chief Commissioner himself. They objected to give more money, and the University refused to grant affiliation in Honours until the defects were removed, until all the conditions were fulfilled, and I do not think that the University could do anything else. I am sure I could not support the application under the circumstances from my place in the Senate. So the college was confined to Pass course, and classes were held in kutcha buildings and the staff remained inadequate. After that we had to accept the suggestion of the Government of India and abandon the old site and selected a new site. But where is the money to come from ? The Hon'ble Sir James Meston told us yesterday that the Assam Government had 34 lakhs at its disposal, but the Assam Government cannot pay for a single project out of this sum. Nor can it finance a first grade college without a grant from the Government. I, therefore, appeal to the Hon'ble the Finance Minister to give us this money. We have done everything we had to do. Every condition that had to be fulfilled by us has been fulfilled, and it is the Government of India which has to fulfil its part. I am sure if it was a private party we could sue him for a breach of contract, but of course we cannot sue the Government of India for breach of faith. Apart from this you took the college from us on the understanding that you would maintain a fully equipped first grade college to teach up to the B. A. standard. You took Rs. 18,000 from us on the understanding that after a year the college would be placed on a permanent footing. We have selected the site which you insisted on, and what more can we do ? You must give us the money now. Apart from any breach of contract, there is a moral duty which the Government owes to Assam as we have been separated from Bengal. When we were attached to Assam we protested, but then we were told that we would be granted all these things in Assam. When we waited in deputation on the Chief Secretary to the Government of Eastern Bengal, Mr. P. C. Lyon, he told me 'why do you wish to be in Bengal : in Bengal you will be the tail end. But you will be the premier district in Assam.' Where are we now ?

"I must therefore ask you, Sir, to let us have the money to place the college on a permanent footing. I have reasons to believe that my official colleague sitting on my right will, if appealed to, support my case. It may be he may not support every remark I make against the Government, but I am sure so far as the prayer for the college is concerned, he will give it his support, and I trust the Council will be pleased to accept this Resolution."

The Hon'ble Mr. Reid :—" Sir, as the Commissioner of the Division in which the college is situated, my sympathies are entirely with the Hon'ble Mr. Chanda. But when he says that he appears as a co-plaintiff for the Government of Assam I do not think I can support him. I have no instructions on the subject from my Chief Commissioner. I do not know that he would consider this project as the one most immediately necessary for Assam.

I am quite sure that if he were offered any additional grant whatsoever for any purpose whatsoever he would gladly accept it. That, however, is a different matter.

"The Hon'ble Mr. Chanda has stated the case on the whole accurately, although I cannot endorse a few of his remarks. It is, perhaps, not quite relevant to the discussion, but it is not in accordance with facts to say that the districts of Sylhet and Cachar were taken away from Bengal in 1912. These districts have formed part of the Chief Commissionership of Assam since its creation. During the brief period that the province of Eastern Bengal and Assam was in existence, they formed part of that Province, and in 1912 they came back to Assam.

"Then the Hon'ble Mr. Chanda says that he has a grievance against Government for breach of contract. At first I was not sure whether it was against the Local Government or the Government of India that he had a grievance for breach of contract. He has now made it clear that his grievance was against the more august body. I am not sufficiently familiar with the negotiations that took place when the Murarichand College at Sylhet was handed over to Government to state the precise terms of the agreement. One material fact is a comparison of the number of students at that time with the number of students at the present time. It has increased manifold. In so far as Mr. Chanda argues that the college is an urgent need of the Surma Valley, in so far as he says that there is not enough accommodation for the young men who wish to go to college, in so far as he says that they are not welcome in Gauhati, he is perfectly correct. But whether on these facts a claim can be made for what is apparently the whole of the initial and recurring expenditure on account of this college, is a matter which it is not for me to decide."

The Hon'ble Sir James Meston :—"Sir, I am not a sufficient lawyer to say whether the withdrawal of a co-plaintiff in a suit means that the suit falls to the ground. Probably it does not, and unfortunately I could not catch a good many of the arguments that were placed with fluency and eloquence before us by the original plaintiff. The Hon'ble Mover, however, has probably achieved his purpose in demonstrating to the world his affection and enthusiasm for this scheme, and personally I am quite prepared to accept his statement of the merits of the Murarichand College, supported as it has been by the Hon'ble Mr. Reid. On the Resolution, Sir, I am afraid there is nothing for me to do except to offer my unfortunate usual opposition. I find that a very short time ago when the scheme was officially before the Government in the Education Department, the local administration was told that the expenditure would fall on the Provincial revenues. That is still the situation, and it is not in my power, especially as there has been no suggestion to that effect from the Local Government, to impose doles upon them for the purpose. I must, therefore, oppose the Resolution."

The Hon'ble Mr. Kamini Kumar Chanda :—"Sir, after the decision of the Hon'ble the Finance Minister I do not think it is very useful to go on with the discussion and take up the time of the Council. I think, therefore, I must withdraw this Resolution."

The Resolution was, by leave of the Council, withdrawn.

RESOLUTION *RE* INCREASE OF BUDGET ALLOTMENT FOR CARRYING OUT THE RECOMMENDATIONS OF THE INDUSTRIAL COMMISSION.

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, I beg to move the next Resolution that stands in my name :—

'That this Council recommends to the Governor General in Council that the allotment '26-B.—Scientific and Miscellaneous Departments' be increased by Rs. 50 lakhs for carrying out the recommendations of the Industrial Commission.'

"We had a very sympathetic reply yesterday to some remarks which fell from Hon'ble Members on this question during the last stage of the debate. The question, therefore, stands thus, that the Finance Minister will be pleased to consider during the course of the year favourably any need that there may be felt for giving effect to the recommendations of the Industrial Commission. The objection to any grant at the present moment seems to be that the recommendations of the Industrial Commission have not been finally approved by the Government in any practicable form, and therefore for Budget purposes, it is a trifle premature to allot any funds. Sir, I respectfully submit that reasons, and very cogent reasons, may be urged for a way out of the situation which has been presented by the Hon'ble the Finance Member. Now, it is absolutely necessary to waste the time of the Council in urging the imperative importance of giving immediate effect to the recommendations of the Industrial Commission. We are not at the stage now to discuss the merits of definite proposals, but, I think, everybody is agreed that we must set in practical motion the machinery for enabling the industrial advancement to keep pace with the times without any appreciable or undue delay. Now the real point is as to whether amongst these various recommendations of the Industrial Commission involving an expenditure of 25 lakhs of rupees (Rs. 24,63,000) Imperial and about Rs. 98 lakhs Provincial, or an aggregate recurring expenditure of 123 lakhs, there are not schemes to which effect can be given as having been universally consented to, immediately and during the course of this year. Besides items of recurring expenditure the Committee recommended the expenditure of 150 lakhs of rupees on certain schemes towards the capital expenditure that may be involved, and another 66 lakhs was foreshadowed as being possible expenditure on schemes that may be approved. Now the point is as to whether, amongst these numerous objects, the Government of India cannot find some objects at least which are universally acknowledged to be the right objects upon which immediate attention should be riveted and to which money should be devoted. Of course, there may be differences amongst Provincial Governments as to whether the control by the Imperial Government should be rigorous or should be merely of an advisory character, as to whether greater latitude should be given to the Provinces in the development of their own industries, or the whole should be controlled by an Imperial Department. On this there may be some difference of opinion, but even that, I submit, should be settled during the course of the year and before long. I think we have had this wrangle for the last 30 years, really. I have been reading this literature on industrial development for the last 30 years, and have seen the Resolution of the Government of India expressing its hearty sympathy with the objects and proposing schemes and asking that something should be done. The time has now come when practical effect should be given to the schemes and we should not any longer delay. I need hardly allude to what is going on in other countries, and the practical effect which is being given and which was given even during the course of the war to various schemes of national importance. Therefore, Sir, I submit that provision should be made to some extent because we are sure to have some Imperial Department. What the relations of that Department to the local department may be is another matter, and there will be some subjects within the control of that Department. Similarly, with regard to non-recurring expenditure we shall hope to construct technological schools, etc., and money could be employed on them. Therefore, I do not think, any valid reason can be urged in favour of a policy of *laissez fairé*, the policy of doing nothing during the current year on the gound that Local Governments are not ready with the formulation of their proposals. I do not think I need say more. Local Governments I know are being given a fair impetus by the special officer appointed by the Government of India. I think we must thank the Government for the manner in which they are trying to meet the solution of this question, but I submit the proposals must be given some shape during the course of the year, and I think some expenditure must be allotted during the course of the year in order to throw the onus of proving that the machinery cannot be set on foot upon the Government of India and the Local Governments. I put it as a secondary reason. The first reason, I urge, is that amongst these new schemes there are various schemes which are ready and ripe

for expenditure. I put it as a secondary ground that the need of proving that the money cannot be spent should be upon the Imperial and the Provincial Governments. I think that will give a greater impetus to the carrying out of proposals all of us have at heart than merely saying, 'if the Department ask, we will give it.' The Department may not ask out of courtesy to the Government of India, or out of courtesy to the Provincial Government. I think the whip hand must be taken with more vigour. There are such things as lapses in Provincial expenditure and Imperial expenditure, and I do not think therefore, we need be so very sorry after all if there be any lapse of money provided for this purpose, and there will not be much in any case because the money I am asking for is so infinitesimally small in amount when compared with the needs and the proposals of the departments. I have only to say that the expenditure during the last five years under Imperial has grown by three lakhs only, from 39·43 to 42·21 Imperial, and the total expenditure has grown only by 33 lakhs, 93 being the expenditure as against 60. Surely that is a very small item having regard to the needs of the subject. I therefore, submit that the Finance Member will kindly see his way not to oppose this Resolution."

The Hon'ble Sir Fazulbhoy Currimbhoy :—"Sir, I am in entire sympathy with the object my friend has in view. I must say that for the last two or three years the Government have been very active with regard to the promoting of industries in the country. An Industrial Commission was appointed, and I had the honour to be one of the members, and we submitted our report last November. The Government were very anxious that we should make our report earlier, but unfortunately we were unable to do so owing to certain reasons. But the Government as soon as they got the report, have specially appointed, as my friend said, an officer, Mr. Low, who has been travelling in every Province and taking the opinions of the different Governments. If my friend Mr. Sarma had carefully read the report of the Commission he would have seen that there are many matters on which the Government of India have to consult the Local Governments, such as how they divide the different departments of industry, and whether an Imperial department of Industry is to be established. These are questions which the Government of India cannot undertake unless they consult the Local Governments. Sir, the Hon'ble Mr. Sarma also mentioned that there were institutions such as technological colleges which should be established, but that also is a question on which the Government of India must consult local opinion. He has himself admitted that the Hon'ble the Finance Member in reply to the Budget speeches made here has distinctly told us that he will be able to give the money if it is wanted by the Member for Commerce. I think under these circumstances when the Government are alive to the situation, he should withdraw this Resolution. I can assure the Hon'ble Member that the Government are very keen and they will do as much as they can in the way of adopting the recommendations of the Commission. With these few words, I will ask my friend to withdraw his Resolution."

The Hon'ble Mr. Malcolm Hogg :—"Sir, I do not think it is necessary for me to say more than a sentence or two on this Resolution. My real difficulty is in understanding exactly what is in the Hon'ble Mr. Sarma's mind. Does he think that the Hon'ble Member for Commerce and Industry has been unable to prevail upon the hard heart of the Hon'ble the Finance Member to give him the funds he requires ; or does he think that the Hon'ble Member for Commerce and Industry, who was himself the President of the Industries Commission, has been so lacking in energy and enthusiasm as not to have asked for necessary funds ? One or other of these hypotheses is necessary for the support of this Resolution. I find equal difficulty in accepting either."

The Hon'ble Pandit Madan Mohan Malaviya :—"Sir, I am quite prepared to answer my Hon'ble friend Mr. Hogg's question. The Hon'ble Mr. Sarma's Resolution does not imply any reflection on the Hon'ble Member for Commerce and Industry on the score of want of a desire to push forward the recommendations of the Commission. Nor does it imply any

insinuation of unwillingness on the part of Government to recognise the need of expenditure in that direction. The Hon'ble Mr. Sarma has himself referred to what the Hon'ble the Finance Member said yesterday and appreciated the fact that the Government has said that when the schemes have matured the Finance Department will find money for them. But I agree with the Hon'ble Mr. Sarma that there is a need for providing a large amount in the Budget for the purpose for which he asks for it, and I will give my reasons for it. No doubt the Local Governments have to be consulted about various important proposals which have been made by the Commission; but there are certain proposals about which we might presume that there is an agreement in principle between the Provincial Governments and the Government of India, and provision for carrying out those proposals requires a very large amount to be set aside. I will draw attention here to only a few of these important recommendations. For instance, there are to be two Departments of Industries, an Imperial and a Provincial Department. The Imperial Department is to cost 24 lakhs, and the Provincial Departments are to cost 98 lakhs. Now, let us assume for a moment that there is a difference of opinion—as no doubt there is—about the creation of an Imperial Department of Industries; but about the need of a Provincial Department of Industries there can be no difference. Both the Provincial Governments and the Government of India are likely to agree that a Department of Industries must be established in the Provinces. Departments of Industries already exist in most Provinces, and a development in that direction is bound to take place.

"Then let us take a few other items. Among the schemes recommended for capital expenditure you will find a proposal for providing industrial schools, and the amount of 55 lakhs is recommended for this purpose. Take again, technological institutes. A tabular statement in the Report shows the amount which the Commission think ought to be provided in each Province for technological institutes, *viz.*—

	Lakhs.
Bombay	5
Bengal	10
United Provinces	6
Madras	5
Bihar and Orissa	13
Burma	8

making a total of 47 lakhs for technological institutes. There is likely to be very little difference of opinion about the need of these institutes; the Provincial Governments and the Government of India are not likely to disagree about it.

"Then let us take the training of mechanical engineers, upon which the Commission has laid very great stress. For the technical training of mechanical engineers this Report recommends 10 schools at a capital charge of 40 lakhs. Now confining ourselves to these few items alone, the technical training of mechanical engineers, the technological institutes, and the industrial schools, all this is expenditure which has to be incurred in the Provinces, and it seems to me that making a very large and liberal allowance for differences of opinion between Provincial Governments and the Government of India, regarding the rate of expenditure recommended or the extent of the undertakings to be started, we may clearly say that a crore will not be a pie too much to be set aside to carry out the recommendations of the Industries Commission, about which there will be general agreement. It is important that this provision should be made. The general promise made by the Hon'ble the Finance Minister that when the schemes mature he will find money for them is not sufficient in a case like this. The need for expenditure is great and insistent, and we have lost much precious time. We should not lose any more time. We should therefore urge upon the Hon'ble the Finance Member and the Government of India to make a clear provision of at least a crore of rupees for expenditure on those items among the recommendations of the Industries Commission about which we may fairly expect to be in general agreement. If such provision is made, it will be recognised that there is a determination to push things on and that things shall be pushed on. If it is left merely to the general contingency of the recommendations maturing and money being then found for them, I apprehend with all respect to the Hon'ble the Finance

Member, that satisfactory progress will not be made this year. We should note what Japan has done and is doing. During the years of the War Japan has stolen a march over us. Last year the value of Japanese imports into this country amounted to 52 crores. The United States of America also have been pouring in their imports into our country. It was high time that India also moved forward in the right direction. There are numerous schemes waiting to be taken up. Those schemes will bring money not only to the people, but also to the Government, but unless you provide money for encouraging private effort, and unless you tell Local Governments that you are ready to help them in pushing those schemes, you will lose another year which will be very greatly injurious to the cause of industrial development. I therefore urge with all the emphasis that I can command that the Resolution, which asks only for a modest sum, a sum which is not at all adequate to the needs of the situation, ought to be accepted and that the Government should provide the sum in the Budget."

The Hon'ble Sir Thomas Holland:—"Sir, it is possible that Hon'ble Members may regard my action in recommending the rejection of this Resolution as not wholly consistent with my position as President of the Industrial Commission. Nevertheless, reconciliation of my two points of view does not necessitate the linguistic dexterity with which my Hon'ble friends, Messrs. Ironside and Hogg, during the debate on the Excess Profits Tax, advocated the interests of their constituents against their own personal convictions.

"Being one of the authors of the recommendations which the Hon'ble Mr. Sarma presses on the attention of Government, my parental instincts naturally respond sympathetically to the spirit of the Resolution. But I am none the less anxious for our offspring to reach the light under favourable and healthy conditions of birth; and I am consequently constrained to oppose any action that might result in premature parturition. It is for this reason, and this reason only, that the Government think it would be unnecessary, and even unwise, to make a separate allotment, of the dimensions suggested, for expenditure during the coming financial year.

"The Hon'ble Sir James Meston told the Council yesterday that Government had been by no means dilatory in dealing with the recommendations of the Commission. The Report did not reach the Government of India until late in October. It was placed under analysis in all Departments at once; and early in December, the Government of India had referred to the Local Governments the issues which concerned them, whilst their views on the questions that affect the Central Government were forwarded at once to the Secretary of State. So much for the steps taken by the Government of India to deal with those recommendations of the Commission that affect them.

"Now if the Hon'ble Mover will read the report once more, he will realise that the majority of our recommendations bear on questions for which Local Governments are responsible; for in spite of impressions that seem to have gained currency, our intention was to show that—to use a loose phrase that has lately got into general use—industries form essentially a provincial subject. Not only do most of our recommendations deal with questions about which Local Governments must take the initiative, but many of the small remainder deal with matters about which Local Governments must be consulted before the Government of India can reach the stage of spending large sums of money with economic advantage.

"Those who support this Resolution also forget that, whilst there is no special allotment, distinctly marked as such, for the objects of the Industrial Commission, many of the proposals that we have made or supported are being taken up already under other heads. They are scattered throughout the Budget according to the old classification of heads.

"I will draw your attention to one or two illustrations only. The Commission drew attention to the importance of the tanning industry and the necessity of investigating natural tanstuffs. In November last, Government secured the services of a distinguished expert for one year in order to survey the situation, and to advise us as to whether, and in what ways, our amateur efforts required reform.

"The industry, as you know, made great progress during the war, and some 600 tanneries, working on rigidly uniform lines and with fixed prices, turned out Army leather in a way which earned the warm commendation and thanks of the War Office. I was only too anxious to secure this industry as a permanent source of wealth, and what is equally important to preserve the standard of quality which had been attained under conditions of education that cannot be imitated by any University.

"To supplement the work of the tanner, and to give him the advantage of the raw materials now lying idle in our jungles, research work was carried out on a commercial scale, and our results are now being published in a convenient form for the use of the trade.

"Last summer we had some anxiety about the supply of Army boots; and, after inquiry at home, the India Office secured the services of Sir Henry Ledgard, who consented to come out without remuneration to help us in the organisation of this industry. Before Sir Henry arrived, the war was over; but he has now consented to remain for a year without salary in order to give us the benefit of the lessons learnt about Army boots at home, and to advise manufacturers as to how their methods might be improved to meet that demand for European boots which seems to increase as one of the visible signs of modern education. I should like to take this opportunity of expressing the Government's appreciation of Sir Henry Ledgard's public spirited action, which is really due to the spirit which dominates many healthy and successful men—an irresistible desire to see a job done well.

"My Hon'ble Colleague in charge of Revenue and Agriculture worries me at intervals regarding his proposals for extending the research facilities, and his plans for training Indian forest officers, at Dehra Dun. He will tell the Council later what is being done to utilise forest products for industries. Satisfactory results are being obtained in our efforts to extend the use of Indian timbers, large quantities of which have been sent to Egypt, Salonika, Palestine and Mesopotamia.

"A special survey of the coal situation has been arranged and Mr. Trehearne Rees has been selected by the Institution of Mining Engineers to advise Government as to the necessity of improving our methods of mining and using coal, in order that our limited resources in mineral fuel may be more economically turned to advantage. This is the Government reply to our demand for inquiry into the causes of waste:

> 'Experimental work has been in progress for some time at the Indian Institute of Science, Bangalore, in order to test the possibilities of turning our waste and cheaper forms of wood to account by destructive distillation and the recovery of by-products. The results obtained at Bangalore are now under consideration of the Madras Government and the Mysore Durbar, both of whom may find it possible to turn the library results to commercial account.'

"In dealing with the fuel question, the Commission drew attention to the fact that water-power in India might be turned to account for industrial purposes, and have recommended a survey of our resources. Based on the recommendations made on this question in our Report, the Government have appointed two Engineers to make a preliminary survey with a view of locating the most promising power-sites for detailed investigation. This work is now in progress.

"I will not weary the Council with further illustrations of Government activity in the directions recommended by the Commission, but I ought to draw your attention to the fact that some of the proposals made by the Commission require further examination by specialist Committees before it is possible to take any line of action with safety; for example, we have recommended Committees to investigate the possibility of establishing scientific services, for the development of industrial banks and for the institution of a system of purchasing Government stores in India.

"This last question of the purchase of stores, I regard as the most important of the measures by which Government can assist local industries in a healthy way, and in order that we may not lose the benefit of the organisation created under war conditions by the Munitions Board, we are preserving, in a modified form, an agency for the purchase of stores for the Army and for

those civil departments that find it convenient to obtain their materials through a central organisation. This Branch of the Munitions Board scrutinises all indents submitted for transmission to the India Office; it removes all items that certainly can be met with safety in this country, and gives advice to indenting officers as to the sources in India from which they are able to purchase their own stores.

"With regard to the activities of Local Governments, I am only partially informed; but I receive frequent communications from some Governments with requests for advice and help in the organization of their Provincial Departments of Industries. The chief difficulty with them, and with us, is that of obtaining suitable officers to organise the work.

"My Hon'ble friend and former colleague, Pandit Madan Mohan Malaviya, gave illustrations of questions about which he thought action could be taken at once, as they are questions about which there is little difference of opinion. As illustrations, I think he referred to the formation of Provincial technological institutions. Judging by the experience of the past, there are few subjects about which differences of opinion have caused greater delay in action. For many years before I left India, discussions were in progress regarding the development of the Engineering College at Sibpur, the institution of a Mining School on the coal-fields and the development of a central technological institute in Calcutta. These questions, which are interrelated, appear to be no nearer solution now than they were ten years ago.

"In 1907, my Hon'ble friend shared with me the work of a Conference at Naini Tal, when we recommended to Government the establishment of a technological institute at Cawnpore. This question has been under discussion ever since and has been attacked by three successive heads of the Local Government without final result or action of immediate value to the industries in that district.

"The Hon'ble Mr. Sarma suggests that they might at any rate start the buildings that will be required, as buildings, in any case, will be wanted. This pre-supposes unanimity of opinion regarding location, dimensions and the government of the institutions projected. It is obviously useless to gallop unless your horse's head is in the right direction!

"Under the circumstances which I have described, I cannot recommend the acceptance of the Resolution in its present form, not because I do not sympathise with its object, but because until we have drawn our plans to fit the rest of the Government machinery, we cannot economically spend more money than has been already provided under various heads. The Hon'ble Mover will remember that my Hon'ble colleague, Sir James Meston offered yesterday to find the money necessary for schemes that may attain reasonable maturity during the coming financial year. Possibly, after this explanation, the Hon'ble Mover may not now think it necessary to press his Resolution in its present form."

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I shall profit by the advice that has been very kindly given me by the Hon'ble Sir Thomas Holland and the Hon'ble Sir Fazulbhoy Currimbhoy. I can assure them that I have read the report with some care, but I promise to do so with greater care. I realise the interdependence of the various recommendations of the Industrial Commission's report, and that is why I have not pressed for a larger provision being made in the current year which I would have done, having regard to the importance of the subject, though I know what the fate of such a Resolution would have been. But I know something of the difficulties of Government machinery. I recollect very well when I was Chairman of a Municipality that I could not carry out the construction of a drain for three years, though the matter had been under consideration for five or six years previously, owing to some technical difficulty or another. I fully realise the difficulties of Government departments getting through their work, but the needs of the hour are very urgent, and I hope technical considerations and delicacy and the fear of wounding the susceptibilities of Provincial departments will not continue to keep us in the same position in which we have been for the past 30 years. Sir Thomas

Holland has told us what has been done by the Government; we are extremely interested in this and very thankful, but if he analyses his argument he will find that he has given me a very good reason for proceeding with my Resolution. He tells us that, notwithstanding the fact that no final conclusions have been arrived at by the Government of India in regard to the various recommendations of the Industrial Commission, the Government have started various inquiries and that the department has done a thousand other things in the way of carrying out the recommendations made. I do not say that the whole thing should be done at once. What I have said is that you should not wait till the whole scheme has been scrutinised. What I suggested was that something should be done now; that something should be begun during the gestation period; otherwise it is very probable that the gestation will be unduly prolonged, and there may be some doubt as to the parentage. I hope, therefore, that Sir Thomas Holland will not leave India before he pushes this scheme through. Here is a subject, industrial education, statement II at page 227. I do not go through the details, because I do not wish to take up more time; the Provinces surely have some knowledge of this, the machinery is there; why not provide funds for it, whether a department is a department to be divided horizontally or vertically, whether it is to be Imperial or Provincial, should not interfere with providing for a department about which there can be no doubt. My position is that something must be done this year. Is that a sound proposition or an unsound proposition? Could not ways and means be found to spend usefully another 50 lakhs during 1919-20? That is a fair proposition. If the Government say that our machinery has been such that we cannot spend these 50 lakhs usefully, I must accept the inevitable, but I submit respectfully that it cannot be so, and that at least 50 lakhs should be found. There are some portions of the scheme which do not depend on the exact relations of the Government of India and Provincial Governments. However, let us not rely on technicalities, and say 'this is not the business of the Government of India, or that is not the opinion of the Provincial Government.' I submit respectfully that my Resolution should be accepted."

The motion was put and negatived.

FINANCIAL STATEMENT, 1919-20.

THIRD STAGE.

The Hon'ble Sir Claude Hill :—"Sir, I now beg to open the third stage of the discussion on and to introduce the following heads of the Financial Statement :—

Revenue.	*Expenditure.*
Land Revenue.	Land Revenue.
Provincial Rates.	Provincial Rates.
Forest.	Forest.
Agriculture.	Agriculture.
Scientific and Miscellaneous Departments.	Scientific and Miscellaneous Departments.
Irrigation.	Famine Relief.
Civil Works.	Protective Works, Irrigation.
	Irrigation.
	Civil Works.
	Capital outlay on Irrigation.

"In dealing with these heads I think it would be convenient if I advert to some of the observations which have been made in the earlier stages of the discussion of the Budget in reference to matters with which my departments are concerned. I turn in the first place to the observations which fell from my Hon'ble friend Mr. Shukul. My Hon'ble friend has given his annual personation of Mrs. Gummidge on behalf of the ryots and has stated that he is 'a poor lone creature'. I am bound to admit that on the present occasion there is considerable justification for

his attitude of persistent gloom, but I venture to think that, before I conclude, I shall show the Council that there is good reason for believing that there is a bright lining to the cloud that undoubtedly hangs over India from the point of view of agriculture at the present time, and that there is no necessity for the excessively gloomy attitude which my Hon'ble friend has taken up. My Hon'ble friend went on to assert that the Government of India were doing nothing to assist and promote agriculture, and he proceeded further to fortify his statement by a quotation from the reminiscences of Sir O'Moore Creagh, from which he inferred that instead of endeavouring to improve the principles of land revenue administration in this country, the Government of India were purely concerned with the collection of revenue. Well, Sir, Sir O'Moore Creagh was a distinguished soldier and in regard to matters pertaining to the army, I have no doubt that his criticisms in his reminiscences will receive that consideration to which they are entitled. But I should like to put up one personal petition to this Council in this connection. We all know the proverb, or rather the quotation, about Satan and idle hands. My hands will be idle next year when I take my pension, and it is possible that I may be susceptible to temptations. I may be tempted to write my own reminiscences, though I hope I shall not. I may even be tempted in the course of those reminiscences to give expression to views regarding my friend His Excellency Sir Charles Monro's conduct of the administration of Army headquarters and of the Government of India in the Army Department. Should I be so rash, then at least I would beg any of my friends who are at present Members of this Council and who may then be Members of this Council to have sufficient regard for me as to refrain from quoting me in this Council.

"Now, Sir, in regard to the actual condition of affairs in India, it is quite true that we have been faced with a very bad year and that it has been a very anxious time, and the questions which have been asked in this Council have shown how keenly Hon'ble Members have appreciated the anxieties of the situation. I laid on the table of this Council on the 19th February a full statement of the situation so far as we knew it and of the remedial action taken by the Government of India to meet the situation. From the purely financial standpoint, with which we are chiefly concerned for the moment, I should like to point out in what a very advantageous position we are as compared with corresponding calamities on previous occasions. Although the failure of the monsoon has been perhaps more widespread than on any previous occasion, certainly since 1899-1900, the actual situation as disclosed by the numbers on relief works at present contrasts in the most startling and favourable manner with the situation in 1900. On the week ending the 3rd of March 1900 there were on relief or test works 4,400,000 people. There were on the week ending on the 1st of March of this year on relief or test works 120,000 people. Now, I suggest, Sir, that those are facts from which we cannot get away and that we are not entitled to take the gloomy view which has been suggested by my Hon'ble friend Mr. Shukul in regard to the relative economic position of India, in regard to the relative prosperity of the ryots, and in regard to the relative capacity of those ryots to withstand the difficulties of the situation. I have said that the failure of the monsoon is at least as widespread as in the year 1900; and yet we have this startling contrast in the numbers of the people whose condition has compelled them to resort to relief.

"But, Sir, while in regard to direct famine expenditure there will be comparatively little cost as compared with past occasions, the indirect cost will this year be very heavy. An aggregate sum of Rs. 2,18,94,000 has been allotted to Takavi grants, while considerable remissions and suspensions of land-revenue are anticipated.

"The next subject to which I should like to turn to is that of agricultural education, and I am very glad, as evidenced by my Hon'ble friend Mr. Sarma's question, that the subject continues to retain the interest of this Council, because I have dealt at such length in the past with the matter that I have almost feared to weary the Council with my iteration of the anxiety of Government to develop agricultural education to the highest possible degree. Last year I described what had been done towards stimulating action in the Provinces and towards the establishment, in accordance with the recommendations of

the Board of Agriculture, and of the Agricultural Educational Conference, of Agricultural Middle Schools. I am glad to be able to say, as has already been made known in the statement which I laid on the table in response to Mr. Sarma's question, that nearly every Province but one in India has now taken steps to initiate agricultural middle schools. This step has been largely rendered possible by the grant which Sir William Meyer was enabled to make last year of 30 lakhs for technical and agricultural education. Of that sum, I am glad to say I was able to snatch as much as 21 lakhs, a much larger portion than my fair share, from my Hon'ble colleague Sir Sankaran Nair, who did not happen to be quite ready when the flag fell; and these 21 lakhs were supplemented by a sum of Rs. 1,80,000 available from the wheat profits. It will be seen from the statement that we have succeeded in spending that,—I think my Hon'ble friend Mr. Sarma will agree,—in a very useful manner, by distribution to the Provinces for the establishment of institutions for tuition in agriculture. I should like to explain, since it is relevant to a good many of the arguments which we have heard here to-day in connection with other grants, that the reason why we were able to usefully spend that and why we did not come within the category of the objections to doles which obtain in ordinary times, was that for the previous three years, thanks to the energy of the Agricultural Adviser, Mr. Mackenna and his Department, we had been maturing schemes deliberately, in consultation with Local Governments, with a view to being ready to meet any windfalls that might occur. This year, unfortunately, I shall not be able to establish such a preponderating claim, and I am afraid my Hon'ble colleague Sir Sankaran Nair has put in a demand for half. Only 15 lakhs will be available, but I can assure the Council that it will be spent to the very great advantage of agricultural education.

"Last year I referred, at some length, I am afraid, to what we had in view in constituting the Indian Cotton Committee. That Cotton Committee sat through the cold weather of 1917-18 and got through its work very quickly. We had every hope, in May 1918, that we should get the Report published about June last. But we very unwisely, I am sorry to say, permitted two of the members of the Indian Cotton Committee to proceed Home in anticipation of their signing the Report, since they had agreed to all the important items in it. When the Report was despatched Home for their signature they developed points of difference in regard to minor matters which compelled us to withhold the Report, and the result is that we were not able to get those small points of difference settled until one of them returned again to India. I earnestly hope that we shall be able to make the Report available to the public very soon, and I may say at once that, although it will have in the ordinary course to be referred to Local Governments on many points for consultation, there are one or two main points in regard to which I hope that we shall be able to take action immediately the Report is published.

"The newspapers have referred, one or two of them, to the admirable opportunity which presents itself to my Hon'ble colleague Sir James Meston and myself for spending large sums of money on the development and improvement of agriculture.

"I need only say in regard to that suggestion that I am quite confident that Sir James Meston will do precisely what his distinguished predecessor Sir William Meyer did, and that is to support, and, if possible, to find the money for, any schemes which I am able to demonstrate to him are justified on their intrinsic merits. I have never found the Finance Department refusing any schemes that we could justify on those grounds, and I am perfectly certain that attitude will be continued. But it is quite likely that the resources upon which Sir James Meston can count may sometimes be inadequate, because, as I think Hon'ble Members know, having been engaged during the last three years in evolving schemes of development throughout India, both Imperial and Provincial, we shall be submitting very shortly, or rather we have submitted in some cases, and shall hope to be getting sanction very shortly for, some very large measures of development costing very large sums of money indeed, and it will thus be a problem as to how far and how rapidly the finances of India will permit those schemes to

develop. The progress of agricultural development in India has of course been, and still is, enormously handicapped by the relative shortage in India of the requisite number of research officers. We have now, including the provinces, between 30 and 40 scientific research officers in agriculture in India, and this of course compares lamentably with the number, for instance, in the United States. That is one of the prime factors which we hope to place on a better footing by our proposed development.

"The next important matter which I hope to take up and which I hope will form the subject of investigation in the ensuing year is sugar; and I hope a Sugar Committee will be appointed to investigate in particular the commercial side of the development of the industry. I have already told the Council on previous occasions what has been done by Dr. Barber of Coimbatore on the scientific side, and the enormous amount of material which we have accumulated there for scientific guidance in regard to the botanical side of the sugarcane problem; and it is now chiefly the industrial side which we want to investigate with a view to co-operation in the general scheme of industrial development, which, under the ægis of Sir Thomas Holland's Report, we hope to further in the near future.

"Then I ought to refer for a moment to Mr. Lefroy's silk report which I mentioned last year. It has recently been published and we are now asking for the appointment of the special officer, recommended in the report, to make research into the disease of pebrine and other diseases connected with silkworms, and we hope to get him to work very shortly, without waiting for the development of the other measures with regard to the silk industry, which Mr. Lefroy advocated.

"The conditions of the monsoon of 1917 were so widely different from those of 1918, and as a result of abundant rain there was so much water, throughout the country that it developed to a very serious extent—an extent which greatly alarmed His Excellency the Commander-in-Chief—the disease known as Surra; and we have taken steps to appoint a Standing Committee in Surra, and that Standing Committee is to direct investigations as to the best method of research and the application of preventive measures, and it is hoped that that Committee will see its way eventually to make recommendations which may have far-reaching effects on this devastating disease.

"I now turn for a moment to forest matters. The war, as I explained last year has, during the past four years, by depriving us of many of our forest officers, slowed down the rate of progress which we hoped to show in the matter of forest development, but, in spite of this handicap, the United Provinces and the Punjab have made large strides in advance in the matter of industrialising some kinds of their forest produce, notably resin; and we are now, as I think Sir Thomas Holland adumbrated just now, taking steps for the selection and appointment of a wood technologist to be attached to the Dehra Dun Research Institute, whose business will be to investigate thoroughly the properties of Indian timbers with a view to placing them on the market in India, thus to utilise for indigenous forests instead of importing timber from abroad. The United Provinces Government have established, in pursuance of their desire to push forest produce as far as possible, a utilization branch in charge of a special conservator. Another matter to which I have referred before, and which I think Hon'ble Members were interested in, is the appointment of forest engineers. A large number of these officers will, we hope, be appointed during the ensuing year, and as soon as suitable officers can be found, there will be a forest engineer or engineers in nearly every Province in India.

"The only other matter connected with forests which I wish to mention is the lac industry, the value of which is perhaps greater than is generally supposed. It amounts to £1¼ million a year. With a view to develop that if possible and place it on a sound footing the Board of Forestry, which is to sit in Dehra Dun next month, is going to consider the whole matter in consultation with experts, manufacturers and others, and I hope the result may be that the lac industry will be developed to a very considerable extent.

"I will now turn very briefly indeed to the operations of the Public Works Department. I do not propose to notice minor points, nor do I propose to go again over the ground which has been traversed by the Financial Statement

of Sir James Meston in regard to the bigger works; but I should like in reference to the criticisms that have been made of the smaller allotments, both in the case of the productive and protective irrigation works, to make one or two observations in this connection. The critics have been Mr. Sarma, Sir Fazulbhoy Currimbhoy and others, and criticism has also been made in the written statement which has been put forward by my friend the Hon'ble Mr. Ayyangar. Mr. Ayyangar, in particular, has asked what has happened to the Cauvery scheme and why the Cauvery scheme should not be proceeded with? That is a very big scheme with which of course Mr. Ayyanagar is familiar; but it is held up because it cannot properly be provided with pending the settlement of certain disputes which have arisen in connection with the Kannambadi reservoir, between the Mysore Darbar and the Madras Government. It would not be right, we hold, to permit the Cauvery scheme to be proceeded with until that dispute is settled. I should like also to say generally with reference to the criticisms relating to the suggestion that productive and protective irrigation should have a larger allotment and the railways a lesser allotment than has been given by Sir James Meston, that, in the first place, our development of productive and protective irrigation works has been necessarily limited by the human equation; our establishments have been low and we could not have proceeded at the normal rate in any circumstances. But there are other reasons which have operated to deter the Public Works Department on the irrigation side, from pressing for a larger allotment as against railways. One of them—I do not think I have heard this mentioned during the debate—is this. I think nobody who had experience of, or came into contact with, the threatened difficulty last September, October and November, owing to the shortage of rolling-stock and other equipment on the railways, or who realize the imminence of a block in the transfer from one part of India to another of necessary supplies of foodstuffs—I believe no one who had experience of that time of anxiety—would hesitate to say that the first plank in the protection of India from the ravages of scarcity and famine is to place our railways on such a plane of efficiency that there should be no risk of the repetition of the threat of such a calamity. At that time—I am speaking of September, October and November, when the war was still on—the chief anxiety of those who realized the apprehended scarcity in various parts of India was that it would be impossible to transfer foodstufis sufficiently rapidly from one part of India to another owing to the depletion of rolling-stock and other equipment. Therefore, having been through that time of anxiety, I for one am fully convinced that the first essential, both in regard to industrial development and to the prevention of famine and its consequences through a shortage of foodstuffs, is the urgent need for restoring our railways to their former grade of efficiency.

"On the financial side, I should like to mention that the productive irrigation system gave us a net profit last year of 345 against 341 lakhs which we anticipated, and those who have read the Statement will see that we anticipate a revenue of 361 lakhs next year, the increase being due to the development of irrigation.

"One point remains: We have appointed Messrs. Barlow and Meares to examine, and make a preliminary survey of, the potentialities of India for the utilisation of water-power for the development of industries; and we hope to get preliminary notes from them commencing from June next. Of course these preliminary reports will not be conclusive: they will be merely indications of where and how there seem to be probabilities of developing hydro-electric power to industrial advantage.

"That, I think, represents all the matters with which I need trouble the Council at present. But I should like to communicate a piece of information which we have just received, namely, that before the end of this month, the amount of wheat from Australia which we hope will have actually arrived will be 63,200 tons.

"And that reminds me of a criticism which was made also by my Hon'ble friend Mr. Shukul. I began with my Hon'ble friend and I propose to finish with him. He said that we had recklessly exported foodstuffs when we ought to have known better, thereby imperilling the well-being of the people of India.

I interjected a question to ask the date to which he was referring, and he said 'before we prohibited exports.' We actually began to check exports before September. We actually prohibited exports of the major foodgrains at the beginning of October, and we had the situation carefully under observation from the time of the Nagpur Conference, that is, the 15th August. Hon'ble Members will perhaps still recollect that there was a war on at that time ; and we anticipated that the war might continue for at least another year. I am perfectly certain that every Member of this Council desired that, up to the last moment that it was safe, India should continue to give all the assistance in her power to the allied cause ; and it was for that reason that up to the last safe moment we held our hands and refrained from prohibiting the export of foodgrains designed to help our Allies. But so soon as it became evident that it was unsafe to permit unrestricted export, we restricted export, and we have since then, as is evidenced from the information I have just given, taken steps to ensure that the stocks in India shall, as rapidly as possible, be reinforced by imports from abroad."

RESOLUTION *RE* EXTENSION AND IMPROVEMENT OF AGRICULTURAL EDUCATION.

The Hon'ble Rai Bahadur B. D. Shukul :—" Sir, I beg to move that—

'This Council recommends to the Governor General in Council that the provision for expenditure under Agriculture be increased by Rs. 50 lakhs to provide for the extension and improvement of Agricultural Education.'

" Sir, before I make any observations on this Resolution, I wish to express my regret that my Hon'ble friend Sir Claude Hill seems to be under the impression that I stated the other day that Government did nothing for the improvement of Agriculture. So far as I remember, I never meant to say that. What I really meant to say was that whatever the Government had done was not commensurate with the needs and requirements of the country ; and to that position I still adhere. What I think is that very much more has yet to be done, and that all that could be done has not been done.

" Now, coming to my present Resolution, I shall not detain the Council very long, for the reason that the cause of agriculture in my humble opinion needs no advocacy especially before this Council which is responsible for the permanent improvement of the moral and material well-being of the Indian population of whom more than 85 per cent. draw their sustenance directly or indirectly from the land.

" It is indeed a sad irony of fate that the question of agricultural education upon which solely hinges the further advancement of the cause of agriculture and the very success of the Agricultural Department itself, failed for a long time to receive such attention of the Government of India as was its due, and that even though the Government has of late taken a greater interest in the subject, yet the Government policy with regard to agricultural education should have proved a failure. This I say on the strength of the statement found in paragraph 324 of the Quinquennial Report of the Progress of Education in India for 1912-1917 to the effect that 'the results have hitherto been disappointing.'

" Although it was so far back as 1880 that the Famine Commission expressed the view that 'no general advance in agricultural system can be expected until the rural population had been so educated as to enable them to take a practical interest in agricultural progress and reform,' and although Sir Edward Buck pointed out at the Simla Agricultural Conference in October 1898 that 'it was no longer a matter of choice whether agricultural departments could take up the subject of agricultural education or not, but it was a positive duty which they could not evade unless released by the Secretary of State from the obligations put upon them.' Yet adequate attention was not paid to it for a long time. However, it is a matter of great satisfaction that of late the Government of India have begun to take a more real interest in the subject as is reflected in the prolonged and close attention which has been paid

to the question by the conferences of agriculturists and educationists which met at Pusa in February 1916 and again at Simla in June 1917. For this I cannot but express my deep sense of gratitude to the Government of India as well as to my Hon'ble friend, Sir Claude Hill, the Minister in charge of the portfolio of agriculture.

"I admit, Sir, that there is a machinery to bring into effect the intentions of the Government. I know the good-will is also there, but what we require now is enthusiasm and money. Without money, *i.e.*, without adequate funds, no Local Government will be in a position to carry into effect a substantial advance so as to produce a tangible result upon the system of agriculture in India. The conclusions which have been arrived at by the latest conference held to discuss the subject, especially the Resolutions recommending the establishment of a large number of agricultural middle schools and institutions for the training of teachers for such schools, have to be complied with.

"Sir, I think the present allotment made in the Budget under the head of Agriculture will not be quite sufficient for the undertaking of this ambitious object. Although I am glad to notice an improvement of about 25 lakhs in the Financial Statement under this head as compared with that of last year, yet, I think, it is inadequate. Reference to the statement furnished by my friend, the Hon'ble Sir Claude Hill, in reply to the question put by the Hon'ble Mr. Sarma, would show that out of Rs. 20 lakhs spent on agricultural education out of the special grant of 30 lakhs sanctioned for the current year for the purpose of technical and agricultural education, a sum of 4 lakhs only was spent for the establishment of agricultural middle schools in this country, and what was the result? We could only get two schools for Madras, three for Bombay, two for Bengal, one for the United Provinces and one for the Central Provinces, that is nine in all for the whole of this country. Well, Sir, I beg to ask, is this a rate of progress with which the Government of India should rest satisfied? Does not the importance and the urgency of the subject demand a more forward policy to be adopted with regard to it, and is it too much for me to expect that the Government will see their way to spend a much larger sum under this head, intimately connected as it is with the immediate moral and material prosperity of the people who contribute so largely to the Imperial revenues? For these reasons, Sir, I beg to commend this Resolution to the acceptance of the Council with all the earnestness and emphasis that I can command."

The Hon'ble Mr. K. V. Rangaswami Ayyangar:—"In the agenda paper it is said that this subject is to be taken up on the 10th March; so I suggest, Sir, that this be postponed till the 10th March."

The Hon'ble the Vice-President:—"I propose like Sir Claude Hill to finish with Mr. Shukul."

The Hon'ble Sir Claude Hill:—"I hope, Sir, my Hon'ble friend, Mr. Shukul, will not place the malicious meaning upon the word 'finish with' which that word might seem to suggest. I hope that I will end up with Mr. Shukul on our usual terms of mutual regard and friendship. It goes to my heart, Sir, to have to oppose a Resolution which offers to give me for expenditure an additional sum of money. It is rather like biting the hand that feeds one, and I feel that I lay myself open to the charge of ingratitude; but the simple facts of the case are these. Agricultural education, like so many other things, is essentially Provincial, and the situation of the Government of India *vis á vis* the development of agricultural education is one of applying a stimulus and inducing Local Governments to make a start, sometimes rather reluctantly, I am afraid; though in some Provinces a good start has been already made. My Hon'ble friend has hardly referred to the grant which was made last year and to the 22 lakhs which have been expended in the development, chiefly of agricultural education, by the aid of that grant; but I may mention that the 22 lakhs which were sanctioned to Local Governments last year practically covered, or covered a very large majority of, the schemes put to us by Local Governments. With the 15 lakhs which I have secured as the moiety of the grant this year, I cannot say that Provinces are prepared at present with

schemes which would justify me in asking for more than that 15 lakhs. And here I should like, from my experience as a Member of a Provincial Government, to endorse what fell from Sir James Meston on the subject of doles. I happen to have been a member of the Bombay Government and my experience of these doles, if I may use an un-Parliamentary expression, was that they were an unmitigated nuisance. We were given instructions that we were to spend within a given period a given sum on a given object; and the result of that was unquestionably uneconomical expenditure of public funds. Local Governments did not have the time to consider and evolve satisfactory schemes for meeting the objects which they were directed to meet from these doles, and personally I should be most reluctant to be a party to any system which implied that without full consultation with the Provinces a grant of public money should be made by the Government of India, and that the Provinces should be ordered to spend that grant upon agricultural middle schools and agricultural high schools or whatever the particular object might be. I suggest that the addition to the grant for agricultural education at present suggested might be actually mischievous,—not only not beneficial, but actually mischievous,—and in any case I feel that while there is no question that in a short time we shall be in a position to spend very much larger sums of money annually upon agriculture and agricultural education, we are not at the moment ready for this grant. We only began, as the Hon'ble Mr. Shukul will bear me out, to mature the lines upon which agricultural education should develop two years ago, and it is rather premature to force the pace now, universally, among the Provinces, (Provinces as I say which in some cases are reluctant to move) until results make us certain of the correctness of the policy we have laid down. For these reasons, Sir, I fear I shall not feel justified in urging on my Hon'ble colleague, Sir James Meston, the acceptance of the Resolution moved by my Hon'ble friend."

The Hon'ble Rai Bahadur B. D. Shukul :—" Sir, in view of the explanations given by my Hon'ble friend, I do not think I shall press the Resolution. Yet, I have one or two points which I wish to bring to the notice of my Hon'ble friend. The first point to which I wish to draw his attention is, that I do not understand how it is that while in other countries, such as England and America, provision is to be found for the expansion of agricultural education and agricultural developments even during the time of the war, as a special war-measure, why in India alone agriculture should have been relegated to a backward position. My submission to Government, therefore, is that early steps should be taken to give prominence to agricultural reforms, and the principle should be recognised that agricultural reforms have as strong a claim upon the finances of the State as any other reforms. The second point to which I have to draw the attention of the Hon'ble Member is this : I tried to find out in the Financial Statement how much money was provided for agricultural education and how much was spent on it from year to year, but there is no comparative statement or anything of the kind to show how expenditure on this particular head was incurred. In future, I would therefore request the Hon'ble Member in charge of Finance and the Hon'ble Member in charge of Revenue and Agriculture that more precise and clear information should be given in the Financial Statement as to what amount is to be allotted for this purpose, and how much is spent, so that in future we may have the advantage of a comparative statement to find out how the position stands. With these words I beg to resume my seat. I do not wish to press the Resolution."

The Hon'ble Mr. H. F. Howard :—" Sir, may I rise to offer an explanation. The Financial Secretary's Memorandum was circulated to all the Members of this Council, and if the Hon'ble Mr. Shukul will turn to paragraph 227 thereof at page 98, he will find the information he requires."

The Hon'ble the Vice-President :—The Hon'ble Member desires to withdraw his Resolution."

The Resolution was, by leave of the Council, withdrawn.

The Council then adjourned to Monday, the 10th March, 1919, at 11 A.M.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Monday, the 10th March, 1919.

PRESENT:

The Hon'ble SIR GEORGE LOWNDES, K.C.S.I., K.C., *Vice*-President, *presiding*, and 52 Members, of whom 46 were Additional Members.

FINANCIAL STATEMENT, 1919-20.

THIRD STAGE.

The Hon'ble Sir C. Sankaran Nair :—"Sir, I beg to introduce the following heads of the Financial Statement for 1919-20 :—

Revenue.	*Expenditure.*
Sanitation.	Sanitation.
Education.	Education.

"As regards Education, it will be seen that the revised Budget Estimate for the current year was nearly 594 lakhs, while the Estimate for 1919-20 is nearly 731 lakhs. The reasons for this are explained in the memorandum published in the Gazette of the 21st instant. During the past two years our Imperial grants for Education have been increased by 90 lakhs recurring, namely, 30 lakhs for the training and pay of teachers, 30 lakhs for elementary education and 30 lakhs for industrial and agricultural education. Excluding this last grant, since we do not know the proportion of it which will ultimately be used by the Department of Revenue and Agriculture, the recurring Imperial allotments have now risen to 184 lakhs a year, and the whole of this addition has been made with effect from the year 1912-13. From the close of 1910-11 up to date the Imperial assignments (capital and recurring) allotted to Education are not far off a total of 14 crores, nearly the whole of which has been assigned to the provinces. These calculations do not include the annual grants of 40 lakhs made in 1902-03, 40·4 lakhs made in 1904-05 and 5 lakhs in 1906-07. The orders against the utilisation of provincial balances during the war and the delay in the maturing of certain schemes account for considerable balances standing with Provincial Governments, especially Bengal, out of the assignments of the past six years. It is to be hoped that this money will now be put to use and Hon'ble Members will observe that an increase of 46 lakhs is anticipated in the coming year in the expenditure from Imperial grants, while it is encouraging to find that the provision from ordinary provincial resources is about 58 lakhs more than in the revised Budget of the current year. As regards the last Imperial grant of 30 lakhs, the Revenue and Agricultural Department enjoyed the lion's share during the current year. The Education Department took 9 lakhs and has distributed it all. No one, I am sure, certainly not I, would grudge the money devoted to agricultural education. But I must demur when my Hon'ble Colleague says I was not ready when the flag fell. At that time the Industrial Commission's report had not even appeared and large expenditure on industrial education on the eve of its appearance would have been little less than a mark of disrespect to the Commission and might have resulted in that sort of wasteful expenditure which my colleague has so rightly deplored. For the same

reason, the distribution had to be made for non-recurring objects and for those schemes which were the most ready or which it appeared most useful and simple to bring into effect. We hope to utilise a larger share next year as I trust that Local Governments will shortly be ready with schemes framed in accordance with the recommendations of the Industrial Commission's Report. It is possible that we may use some part of this allotment on Imperial institutions should it be decided to bring them into being.

"Mr. Sharp will presently lay on the table the figures and the usual brief narrative for 1917-18. The increase in public institutions during 1917-18 was 4,558, while that of pupils was a little under 100,000. This shows a slackening of the pace of progress which fortunately had been maintained during the earlier years of the war. It is hardly a matter for surprise that the effects of the war showed themselves in that year in our educational figures. But if adverse circumstances have tended to lower the rate of progress the enthusiasm for the spread of education has shown no diminution. The closing period of the war has been marked by a noteworthy movement in favour of compulsory primary education. This, as suggested by Sir Harcourt Butler in one of his speeches on the late Mr. Gokhale's Bill, has taken the form of Provincial legislation. In five of the major provinces measures permitting of the adoption of compulsion have been passed or have reached various stages. In some cases they were introduced as Government and in some cases as private Bills. It is now therefore at the option of local bodies so empowered to introduce compulsory primary education provided they are able to make necessary arrangements and to show Governments the advisability of such action. With a view to this end they will be able to raise special taxation.

"This does not of course imply that Local Governments will not assist in introducing such measures in areas where such assistance is required. Indeed, the Government of Bombay have, by rule, guaranteed one-half of the cost of providing free and compulsory primary education incurred by a municipality for this purpose in any given year, and cases are contemplated in which even a larger grant will be given. Thus the initiative for further progress now largely falls, in some of the provinces, and will tend more and more to fall upon local authorities. At the same time I should like to say that I fully appreciate the spirit underlying Mr. Sarma's Resolution put forward on Saturday about larger provision for primary education. No one would rejoice more than myself to see such money given. I endorse all that Sir James Meston said about the prime importance of getting a number of trained teachers. We have, as this Council is aware, made recent provision for this and for raising the pay of teachers, and reports show that provinces are making a wise use of this grant.

"Under Sanitation the principal feature is the growing increase in our expenditure. The Budget Estimate, both Provincial and Imperial, for next year provides for an increased expenditure of 40·25 lakhs. The Provincial estimates are responsible for 30·91 lakhs of this increase. There are many who may not regard the increase as adequate and who will think that the Government is not spending enough on sanitation. That Government was fully aware of the inadequacy of the present expenditure was made clear in the Circular of June last on the organisation of public health administration in rural areas. The Sanitary Commissioner calculated the additional cost of his proposals at a lakh of rupees for every million of the population. Nor is this all. There are the problems of housing, of better water-supply, of the protection of our ports against imported disease. If our expenditure is incommensurate to these many needs, it is (and here I am sure I may speak for the Local Governments) our poverty and not our will that consents to such a situation. We all heard what Sir James Meston said on Saturday about the Resolution on Sanitation, etc. My Department has its recommendations ready. The needs of Sanitation are indeed inexhaustible. I have already spoken at some length in answering questions on the ravages of influenza. Fortunately such awful visitations are rare.

"The sanitary reserve at the disposal of the Government of India was 8·08 lakhs. In introducing the Sanitation and Education heads of the Budget last year, I stated that some portion at any rate of this sum would be

utilised in assisting Local Governments to provide for the improvement of the health conditions attending pilgrimages. A sum of 1½ lakhs was accordingly assigned to Madras, and sums of 1 lakh each to Bombay, the United Provinces and Bihar and Orissa. These allotments were intended for the improvement of pilgrim centres. In addition, one lakh was given to the United Provinces for the improvement of the pilgrim routes to Badrinath and Kedarnath. Thus 5½ lakhs were allotted for this laudable object. Of the balance, capital assignments were made for the housing of clerks in Simla, which was one of the recommendations made by the Simla Improvement Committee, and for minor Administrations. Half a lakh was given to Madras for anti-malarial work. Next year our reserve will stand at 8·17 lakhs. Hon'ble Members have already heard in the course of one of my replies what is proposed to meet the housing problem in Bombay city. I can assure my Hon'ble friend Sir Dinshaw Wacha, who takes so laudable an interest in this subject, that it is one the importance of which I fully appreciate.

"Next I have to speak of Research. The Indian Research Fund Association received during the year the full normal grant of 5 lakhs. The inquiries conducted under the Association continue to be circumscribed by the absence of a large number of officers on military duty, but during next year we are likely to get back many officers, and we can confidently look forward to a considerable expansion of activity. We have appointed a Special Officer to investigate influenza. As in previous years, allotments have been made for plague prevention experiments and hookworm inquiries. We are also assisting experiments regarding leprosy treatment. The success achieved by the laboratories in supplying vaccines to His Majesty's forces for the protection of the troops from the ravages of typhoid, para-typhoid and cholera has been remarkable. But regarding these and other kindred matters I trust my friend General Edwards will presently give you some interesting details. I need merely add the hope that in coming years the wide field which India offers for medical research will be fully utilised.

"Though I am not introducing the head Scientific and Miscellaneous Departments, the Education Department deals with several subjects classed under that heading.

"All here are fully aware of the splendid work carried on by the Archæological Survey under Sir John Marshall, who, I regret to say, is compelled by ill-health to go to England for a time. The Zoological Survey, though less in the public eye, has continued to do good service and has latterly assisted in research regarding the importation of disease. The popularity of the Indian Museum is maintained. All I need add is that during the current and ensuing years we have budgetted for an Indian War Memorial which will take the shape of a Museum at Delhi. It will be temporarily located in the Fort and, though the collection of exhibits is still proceeding, I hope it will shortly be open to the public. I think that all will approve the idea that India should possess a collection of trophies as a memorial to her effort."

The Hon'ble the Vice-President :—"Do I understand that the Hon'ble Member desires that others in his Department should supplement his statement?"

The Hon'ble Sir C. Sankaran Nair :—"It is usual for the Educational Commissioner to lay his report on the table. Mr. Sharp will do that."

The Hon'ble the Vice-President :—"The Hon'ble Member also referred to Major-General Edwards."

The Hon'ble Sir C. Sankaran Nair :—"Yes, he will also submit a statement."

The Hon'ble Mr. H. Sharp :—"As is usual on this occasion, I beg to lay on the table the General Tables for education, also the brief annual narrative. In addition, I beg to lay the paper called the Statement of

Educational Progress in India, or as it is usually called, Salient Features, which differs from the General Tables in that it gives provincial figures and also comparative figures over a series of years."

The Hon'ble Major-General W. R. Edwards:—"Sir, my illustrious predecessor, the late Sir Pardey Lukis, when he addressed this Council two years ago, pointed out that scientific investigation and preventive medicine could never again be relegated to the background. Medical research is now admitted on all sides to be a vital part of Government activities The appalling pandemic of influenza which swept over and ravaged the whole of India has drawn attention in an acute form to the urgent necessity, not only of developing all our existing arrangements for research, but also of applying the knowledge, so acquired, by means of efficiently organized public health services. I wish to say something further on these points, but before doing so I will give a brief review of our activities during the last two years.

"The exigencies of the war demanded the reversion of the majority of the officers of the Bacteriological Department to military duty, where they formed the major part of the staffs of the Central Laboratories in Mesopotamia. Those remaining in India were engaged almost entirely on war work, that is in the preparation of vaccines, intended to protect the troops in India, and overseas, from typhoid and para-typhoid fever and cholera. I am proud to be able to say that, in spite of the enormous demands for vaccines, we have been able to meet such demands without indenting on the Home authorities, and we supplied His Majesty's forces in Mesopotamia, East Africa, Egypt and Palestine, as well as in India. The Central Research Institute at Kasauli developed its vaccine production to an almost incredible extent. The yearly average before the war was eighteen and a half thousand cubic centimeters. During the war it rose to over $2\frac{1}{2}$ million cubic centimeters, and included anti-typhoid, cholera, pneumonia and influenza vaccines. From a monetary point of view alone the value of this Kasauli vaccine, for the period of the war, was about half a million sterling. In addition to turning out these vaccines, Kasauli also equipped three laboratories, two of which were sent overseas. I am sure the Council will agree with me that the greatest credit is due to Lieutenant-Colonel Harvey, Director of the Institute, and his staff for their excellent and most successful work.

"The Bombay Bacteriological Laboratory at Parel has also enormously developed its production of vaccines, other than plague, which latter is their speciality and the manufacture of which continued. The total vaccines issued from this laboratory to the troops in India and abroad was over $1\frac{1}{2}$ million doses and in addition to this, the Director, Lieutenant-Colonel Glen Liston from June 1916, undertook the supervision of the bacteriological work in the base hospitals of Bombay.

"The Pasteur Institute at Kasauli also assisted in the war, for it treated no less than 2,177 soldiers sent from the war areas overseas.

"To all medical officers connected with the medical laboratories of India, and who, in consequence, were denied the privilege of proceeding on active service, I now take this opportunity of offering my thanks for their unselfish devotion to duty and for their loyal co-operation.

"In spite of the war and the absence of so many of our officers, we have nevertheless succeeded in carrying out a considerable amount of research.

"An inquiry into diabetes was continued by Major McCay and his co-workers in Calcutta, and a series of papers which are of great scientific value are being published in the Indian Journal of Medical Research. A report has just been submitted by the same officer on the treatment of diabetes which is also, in my opinion, of very great importance, and I propose to approach the Governing Body of the Indian Research Fund Association for funds, with which to continue these investigations.

"The Research Fund has continued to finance the inquiry at Poona on the subject of plague prevention, and Dr. Chitre, under the advice of Lieutenant-Colonel Hutchinson and Major Kunhardt, has made numerous experiments concerning the best methods of rat destruction. This inquiry has yielded good results which will shortly take practical shape.

"At Karachi, Lieutenant-Colonel Greig, working under the Indian Research Fund Association, continued his valuable work on cholera carriers, and he also investigated the anti-beriberi value of certain foodstuffs. His expert advice has been of constant value both to me and to the military authorities. Recently he has submitted a most valuable paper on influenza written in collaboration with Captain Maitra. From his laboratory at Karachi we have also had valuable studies on the curative values of certain drugs, such as chenopodium oil, and thymol, used in the treatment of ankylostomiasis, these were contributed by Captain Wrench, R.A.M.C. Lieutenant-Colonel Greig has just been deputed by the Government of India to proceed with Major Norman White to the Inter-Allied Conference at Paris in connection with Influenza.

"Lieutenant-Colonel McCarrison is on special duty in charge of an inquiry into beriberi, and is investigating other so-called 'deficiency diseases.' A very important paper on his initial results appeared in the January number of the Indian Journal of Medical Research. Three further papers from his pen are in the press and will be published in April.

"The study of 'hookworm disease' has been pursued by Lieutenant-Colonel Clayton Lane in Bengal and by Dr. Mhaskar in Madras. The results show that the incidence of hookworm infection is in many places nearly one hundred per cent. They have further shown that this disease cannot only be cured, but even eradicated, if only the people could be sufficiently educated in sanitary matters.

"Captain Knowles, who is Director of the Pasteur Institute at Shillong, is now engaged in an investigation as to the mode of infection of kala-azar, he also is being assisted by the Indian Research Fund Association.

"Mr. Awati has continued his investigation into the bionomics of house flies and has contributed papers regarding the specific differences of the genus musca. This work is of much importance, as we know that the house fly is a terrible carrier of disease.

"Another insect engaging our attention is the sand-fly and an effort is being made to discover and destroy these pests in their larval state. This investigation is being conducted by Mr. Mitter at Lahore, who has done good work in this direction.

"Sir Leonard Rogers, among other activities, continues to conduct the general direction of an inquiry into the chemistry of chaulmoogra oil and other oils found useful in the treatment of leprosy. Meanwhile, the Mission to Lepers has instituted a trial, by qualified medical men and women, into the comparative effects of drugs thus prepared. These trials are under the general advice of Sir Leonard Rogers, and the Mission is being helped financially for this purpose by the Government of India.

"There are several other lines of research in progress in India: some of them are of a highly technical nature. For example, a study is being made regarding the best constitution of media, with reference to vaccine production on a large scale. This is engaging the attention of the staff at Kasauli, who are being assisted by Dr. Norris.

"Dr. Annandale has undertaken surveys in Madras, Persia, Baluchistan and North India in connection with molluscs, with reference to the possibility of the spread of Bilharzia. In the Bombay Bacteriological Laboratory valuable work has been done on molluscs by Dr. Soparkar. The staff of the Bombay laboratory has also been engaged in perfecting methods for detecting typhoid carriers. Captain Malone, who has come out with an excellent reputation for research, has recently been sent to investigate influenza.

"From what I have just said I am sure that all will agree that medical research work is of the utmost importance, and further that it is most necessary that we should give the inhabitants of India every chance of getting a first-class training in medical research, in India. Thanks to the energy of Sir Leonard Rogers, a school of tropical medicine with a special hospital of its own, attached to it, will shortly be opened in Calcutta, and now I have the greatest pleasure in stating that there is every prospect of another school of tropical medicine and medical research being shortly opened in Bombay. This school

will be based on the splendid Parel Laboratory, which Colonel Glen Liston has by his indefatigable labours brought to such perfection. It will also have a special hospital of its own attached to it. That well-known philanthropist, Sir Dorab Tata, has by a munificent gift of a lakh a year enabled the Bombay Government to proceed with their school, which will not only be well staffed, but also have a number of valuable scholarships, including travelling ones, attached to it. We shall thus shortly have means of giving the best possible training in medical research to Indians. This will enable them to aspire, not only to professorships, but also to the winning of worldwide reputations.

"In addition to these schools it is very necessary that we should have at least two institutes of medical research. I want to see an Imperial Institute comprising an Imperial library and bureau of medical research opened in Delhi, and another institute opened in Southern India. For the first we must depend on the Government of India, and for the second I have reason to believe that we can rely on the munificence of the Tata family, and other wealthy philanthropists of that great Presidency of Bombay. I have just been asked by Sir Dorab Tata if a first-class expert could be found to visit India, at Sir Dorab's expense, to advise on this matter.

"So much for Research, but it must be remembered that without a Ministry of Public Health, such as is now being instituted in Great Britain, and well organised provincial Health services, the knowledge that we thus acquire cannot be efficiently applied. This at least is my private opinion. In such Public Health services all the officers must be responsible, not merely to the members of a Municipality or District Board, but through their superior officers to Government itself. It is only by means of well-paid and pensioned services that officers of public health can act efficiently, without fear or favour.

"A third factor is, however, absolutely essential to the preservation of public health, and that is the education of the masses. Without this the best organized preventive medical service in the world must work in vain. An ignorant populace not understanding the meaning of advice, or the value of orders, will not follow the former, and will actively or passively resist the latter. District visitors and magic lantern lectures cannot do more than touch the fringe of the dense ignorance of the masses. There is only one way to remove this ignorance. The knowledge of public health, like all other knowledge, must be imparted through the schools and colleges of India; this is essential. I know the difficulty, it is first necessary to educate the teachers. Unfortunately too in practically every country in the world, the rulers themselves have never received any education in public health. They therefore find it difficult to believe, even now, in the absolute necessity of giving this instruction in every school throughout the land. I would indeed go further than simply teach. I would, in order to impress the vital necessity of this knowledge on the educated classes, make public health, if not a compulsory subject, at least a highly marked, optional subject, in the Matriculation Examination of every University in India.

"To bring the immense importance of this subject home, I can say without fear of contradiction that such teaching would, alone, without a single additional doctor, or a single drug, save India hundreds of thousands of lives and millions of money every year. To substantiate this last remark of mine I would like as time permits to mention a few diseases concerning which every inhabitant of India should have some knowledge.

"Take first hookworm or ankylostomiasis. This parasite affects to a greater or less extent the rural population of the whole of India, in many parts infecting as many as 90 per cent. It causes anæmia and debility, it renders the sufferers unfit for hard work and an easy prey to other diseases. The means of infection is briefly as follows. Microscopic larvæ hatch out of eggs deposited with human excrement. These larvæ, attaching themselves to the feet or legs of the next comer penetrate the skin painlessly, get into the blood current, so go to the lungs, from the lungs they find their way through the air passages and working up to the throat are then swallowed and thus infect the intestinal canal. This debilitating disease so universal in India could be eradicated by the use of properly attended latrines. It is also not a difficult disease to cure. Another disease is Guinea worm—which in parts

of India is a veritable scourge. It is propagated by minute insects (the cyclops) which act as the intermediary hosts and are swallowed with drinking water. This disease may be entirely avoided by straining all drinking water through a cloth as the Jains have been taught to do. Of course boiling the water would also make it safe to drink. Then again take malaria itself. How many villagers know that this disease cannot be contracted except through the bite of an infected mosquito, and that the systematic use of mosquito nets and surface drainage would make an enormous difference in its incidence.

"Cholera, dysentery and typhoid are diseases due to germs derived solely from human excrement. These diseases can only be contracted by drinking water which has been fouled by such excrement or by taking contaminated food or milk. Flies which have been feeding on human excrement are the usual source of food contamination. These germs are killed by a temperature of 140°, and therefore by eating only freshly cooked food with clean hands and drinking only hot fluids you can live without danger in the midst of an epidemic of cholera. Typhus again, which has recently ravaged the United Provinces, is spread by lice and can be avoided by cleanliness.

"That terrible scourge bubonic plague is contracted from the bite of an infected rat flea. Obviously the way to eradicate it is to keep rats out of houses and grain stores, and to destroy them as far as possible. During an epidemic keeping the skin oiled will probably prevent a flea biting. Lastly, take tuberculosis. The knowledge we have of this worldwide disease, if acted on, would make an enormous difference in its incidence and so save untold misery and innumerable lives.

"I think I have said enough to show that if the knowledge of even these few diseases alone was systematically imparted in every school throughout the land, the effect would be of enormous benefit to the entire population of India. With regard to influenza we have, I regret to say, much to learn. The latest researches go to prove that we have not yet even discovered the germ which is undoubtedly ultra-microscopic and filter passing. This and many other diseases call for and are receiving close investigation.

"I trust that I have not wearied the Council and that I have said enough to convince everyone of the immense importance of medical research, preventive medicine and the education of the whole people of India in public health measures."

The Hon'ble Sir Thomas Holland:—"Sir, I beg to introduce the following heads of the Financial Statement for 1919-20:—

Revenue.	*Expenditure.*
Salt.	Salt.
Excise.	Excise.
Posts and Telegraphs.	Customs.
Stationery and Printing.	Posts and Telegraphs.
State Railways.	Stationery and Printing.
Subsidised Companies.	Protective Works, Railways.
	Subsidised Companies.
	Miscellaneous Railway Expenditure.
	Capital outlay on State Railways.

"In introducing the heads of business for which I am for the time being responsible, the first comment that I have to make will be received with the unanimous approval of the Council. The Council will regret the absence, and especially the reasons for the absence, of Sir George Barnes, and more than any of you, I, as the immediate and chief victim of his defection, have strong personal reasons for hoping that his recovery may be uninterrupted and his return to duty punctual. Sir George and I have now worked together for a little over two years, and the only serious difference of opinion that has ever occurred between us arose regarding our competing claims for relief from work. In this competition I have to mourn his success.

"Following the good example set last year, I propose to leave my fellow victim, Sir Arthur Anderson, the task of maintaining the standard set by his predecessor in dealing with the subject of railways. My comments on the

rest of the work of the Department will seem so dull and uninteresting after the exciting and alarming details we have just heard about flies, lice and hookworms that I will cut my remarks correspondingly short.

"In spite of the increased rates, the volume of telegrams to be handled continues to expand, and for some obscure reason seems twice to have broken all records, first of all during April and May last year, and then again in the following August. For the first 8 months of the current year the telegrams despatched amounted to 14 millions, against 12½ millions for the corresponding period of the previous year. There was a similar expansion in the use of the Post Office, and for parcels the rates had to be raised to keep pace with the increase in railway rates. Sir George Barnes referred last year to the way in which a wholesale resort to the foreign parcel post was adopted in consequence of the shortage of ocean freight. This year another anomaly arose by the abuse of the inland system. In one week in Bombay over 50,000 parcels, containing about 20 million silver rupees, were posted. A similar use of the Post Office on a smaller scale was detected in other towns. It evidently requires some mobility of legal powers to deal with postal epidemics on this scale.

"In two important respects improvements have been introduced and will be extended, I hope, with increased facilities for obtaining apparatus and materials. One of these is the adoption of motor mail vans to take the place of horse vans in many of the larger towns and on the more important roads, as for instance in the Kangra Valley, to deal with the Kulu fruit traffic.

"Another forward move has been made in the installation of long-distance telephones. The line from Calcutta to the coalfields is now used sufficiently to justify another two trunks. For an early recognition of the commercial value of these lines we are indebted to the support of the Hon'ble Mr. Ironside. The Delhi-Lahore trunk now ready will soon be extended to Pindi and to Peshawar; while some of the large towns in the United Provinces and Bombay are being connected. Possibly before the next Council meeting here, our friends from Bombay and Calcutta may be able by telephone to keep in touch with, if not to control, the flutterings of their respective stock markets during the Budget debate. The total staff of the Department at the beginning of the year numbered something like 108,000, with over 12,000 in the various war-fields. No department has responded more completely to the abnormal war pressure, and the response has been so general that it is difficult to select names without making obvious omissions. I feel sure, however, that every member of the Department would wish me to draw your attention to the inspiring example of Mr. Meredith, the Chief Engineer, to whose technical efficiency and energy we owe the successful working of an organisation which has been carried out in spite of shortage of plant and heavy pressure.

"Government have endeavoured to meet by increases of pay and by grants of war allowances the increased cost of living which has been felt especially in the lower ranks; but increases that are small to the individual make up embarrassing totals. The additional charges, for example, due to war bonuses alone granted to the lower grades of the Post and Telegraph Department now exceed 3½ lakhs a month.

"On the subject of Customs there is very little for me to say. The Financial Statement anticipates an expansion of over a crore of rupees in our revenue. The return of peace will lead, I hope, to some fall of prices, but the reduction which this will entail in our receipts should be more than counterbalanced by an increase in the volume of our import trade as the tonnage position becomes easier and the removal of war restrictions on trade takes effect. The Council may be assured that we are anxious to remove thy restrictions, both on our import and our export trade, as soon as we possible can; and you will find in the Narrative of my Hon'ble colleague, Sir James Meston, in introducing the Financial Statement, an account of the extent to which we have already been able to remove these restrictions. I need not therefore repeat the tale. I am well aware how annoying many of these restrictions have been and how patiently they have been borne by the commercial public of the country.

"I should like to add a few words on the subject of Stationery and Printing. You will notice that there has been a considerable increase of expenditure under this head during the current year; but we hope for a reduction next year. It must be remembered that every expansion of other branches of the administration means more work for the Printing and Stationery Department. As a territorial victim I can testify to the marvellous number and variety of army forms; but in addition to these a very useful piece of work has also been done in reprinting for the armies in the East a large number of War Office publications. The fact that a period of unprecedented demand coincided with a period of unprecedented difficulty in obtaining supplies of imported goods, proved, I am glad to say, a great stimulant to local industries. The Stationery Department has been giving all possible support to the local manufacture of pencils, pens, ink and, above all, paper. The good offices of the Printing and Stationery Department have been also enlisted for the purpose of procuring stationery for the Colonies and British possessions further east. A great deal of unusual work has been thrown also on the Controller in recruiting the personnel for the field presses at Basrah and Baghdad, and in maintaining the personnel and stocks in the various overseas stationery depôts in Mesopotamia, Egypt and Persia. I should like to take this opportunity of expressing my appreciation of the untiring zeal with which Mr. Cogswell and his assistants have met with all demands made upon them.

"Hon'ble Members will be pleased to know that the efforts referred to by Sir George Barnes to increase the output of salt have been already sufficiently successful to cover the deficit due to restricted imports. Improved methods of mining and handling rock-salt at Khewra have resulted in an increased output of nearly 50 per cent. compared with the previous ten-years average, while at Sambhar the current year's output will probably reach the record of a crore of maunds. The facilities for manufacture and the interesting technical questions connected with salt recovery are now receiving special attention, and I am confident that increased production and substantial economies will follow.

"One of the unusual incidents this year for which my Department is responsible, is the completion and publication of the Report of the Industrial Commission. For obvious reasons I wish to pass this incident over with only one comment, and that is my appreciation of the continued and friendly co-operation of my colleagues throughout the tour and of the heavy work done by them in the preparation of the Report."

The Hon'ble the Vice-President :—"Does the Hon'ble Member desire the statement to be supplemented by the President of the Railway Board?"

The Hon'ble Sir Thomas Holland :—"If you please, Sir."

The Hon'ble Sir Arthur Anderson :—"In his speech before this Council a year ago, my predecessor referred to the serious disabilities under which the railways of India have been labouring in recent years. Our Budget of 1918-19 was framed under the shadow of war, and contemplated an expenditure of just over 4 millions. Owing to the impossibility of obtaining an adequate supply of English materials, the programme had of necessity to be confined to such essentials as were obtainable, and it is doubtful whether our very modest English grant of 2½ millions will be spent. On the other hand, we have had to meet special calls in India, and on the whole it is probable that our expenditure will about equal, if it does not slightly exceed, the provision originally made.

"I am glad to be able to say that many of the difficulties hitherto experienced are now in a fair way to be removed. Owing to the termination of the war, the supply of materials has been brought within measurable distance, and this fact, coupled with the liberal provision of funds announced by the Hon'ble the Finance Member in his speech when presenting the Financial Statement, will

enable railways to rapidly improve their position. I wish to cordially acknowledge on behalf of railways the appreciation, which the Hon'ble Member then gave expression to, of the services rendered by the staff during the past few years. Ordinarily railway men look upon themselves as fortunate if they escape a vote of censure, and it will be a matter for gratification among them to know that in the anxious period all have of late years passed through they are held to have so well succeeded in the task they set their hands to.

"From what we heard during the debate on the Financial Statement one would be almost justified in concluding that the work railways have been performing has been so satisfactory as to render unnecessary the provision made for them during next year. The opinions expressed must, I fear, be owing to the want of a proper appreciation of the position, and I am beholden to the Hon'ble Mr. Ironside for having so clearly depicted conditions as they actually exist. Railways have been starved throughout the war period, and if leeway is not to be made up without delay, the position will soon become an impossible one. Neglect to take all possible steps to set them right again could not therefore be excused. Once deterioration sets in, it continues at an ever increasing pace, if not seriously tackled, and there can be no economy in refusing to face the situation at the earliest possible moment. Railways are commercial propositions with which the country's prosperity is indissolubly bound up. The greater therefore their efficiency the greater the benefit to the public and to Government. Not only have we to face very large arrears, but we have also to replace withdrawals for war centres, particulars of which together with other details will be furnished by the Hon'ble the Member for Commerce and Industry when discussing the Resolution put forward by the Hon'ble Mr. Sarma for a reduction in the grant.

"The Bill will undoubtedly be a heavy one, but it must be remembered, as pointed out yesterday by the Hon'ble Mr. Ironside, that the stock and materials which it is now proposed to secure will not amount to more than one-half of what the same money would have purchased in pre-war days. Even with the large provision of funds which has been made, we shall not therefore be able to overtake more than a portion, though a considerable one, of the arrears which have accumulated.

"Granting then that our first concern must be to endeavour to overtake the arrears which have piled up during the war period, it will be impossible to allocate any of the funds available entirely to construction. But little advantage indeed would be gained by developing and bringing increased traffic on to main lines until these attain a sufficiently high standard to deal efficiently with what already comes to them, and the most we propose to do therefore in the way of extensions is to re-start some of the works progress on which has been interrupted during the war. If, however, we are in the same position a year hence, as we are now with regard to funds, it may be anticipated that some of the larger projects will then receive attention.

"In questions put by the Hon'ble Rao Bahadur B. N. Sarma and other Hon'ble Members during the present Council meetings, reference was made to the old-standing controversy of State *versus* Company-managed railways, and from the answers given to the question, Hon'ble Members were made aware that in the case of one important railway system it has been decided to transfer its direction a few years hence from London to India, though the particular form which control will take has not yet been arrived at. The Council were also made aware that the appointment of a Committee is contemplated to inquire into the desirability or otherwise on financial and administrative grounds, of modifying the present management of Indian State-owned railways either by substitution of management by Companies domiciled in India, or by extension of one or other of the existing systems. Opportunity will then presumably be afforded to those interested in the question of recording their opinions before the Committee, and it is hoped that as a result of its deliberations, a final settlement of this thorny question may result.

"A matter which has been occasioning Railway Managers the utmost concern during recent months is that of labour. Throughout this country railway men were conspicuous among railways of some other parts of the world

which could be named for the loyalty and devotion to duty they showed throughout the long trying war period. Coupled with the strenuous endeavour they were called upon to exert, they, in common with others, have been affected by the general increase in the cost of living. Government and railway managements generally recognised the difficulties in which the lower paid men were placed, and from time to time have endeavoured to improve their position by the grant of allowances calculated to be equivalent to the additional expenditure occasioned by the rise in prices in necessities of life. The position, however, is a constantly changing one and has been receiving unremitting attention, the desire being that all cases of hardship should be justly met.

"I have already referred to the difficulties of obtaining materials during recent years; though these difficulties will be eased in future, it must of necessity be some time before normal conditions of supply are restored. In India we are taking advantage of local resources to secure as much permanent-way and rolling-stock as possible. I would like to say a word in this connection with regard to the Tata Iron and Steel Company. This Company has been a veritable Godsend to us during the war period, as but for its enterprise we would, during the last two or three years, have been unable to secure a single mile of additional railway, or to extend a helping hand to Mesopotamia, East Africa and Egypt in the matter of their railway building. For some considerable time the whole output of these works went to the different theatres of war in the East and nothing but praise is due to the Company for the sustained effort they made to meet successfully all calls made upon them. Other firms have also shown their metal by rendering most valuable assistance during these trying times. It would perhaps be invidious to distinguish between them, but I can assure all of those concerned of the high appreciation of Government of the assistance rendered by them.

"Our requirements for the coming year are heavy and large orders have been placed in England, particularly for rolling-stock, engines and machinery. The capacity of India as yet is extremely limited in regard to the former of these items, while none of the latter classes are yet produced in this country. In the many directions in which developments are taking place, we may confidently look forward to railway wagon-building being in the forefront, and though it will probably be a number of years before India will witness its first locally manufactured locomotive running on its railways, it is not beyond the bounds of possibility that in the not distant future we shall see such a result actually achieved.

"A direction in which improvement is showing itself lies in the substitution of oil-burning for coal-burning engines on lines serving West Coast ports. This has been made possible by the supplies of oil which have become available from the head of the Persian Gulf. Its introduction will free a large amount of coal for purposes other than railways, and will at the same time lessen the pressure on railways, so that taken together the advantages to be gained from its introduction are considerable.

"A matter which also is of interest is that of railway-owned and managed harbours. Up to the present time the only railway in the country working and controlling a harbour, where ocean-going vessels can come alongside, is the Madras and Southern Mahratta Railway. This Company have worked the Portuguese harbour of Marmagoa for a considerable number of years past, and though the war has interfered with the successful development of the trade of the harbour, sufficient experience was gained prior to the outbreak of hostilities to prove that the combination of railway and harbour under one management possesses many advantages. It is now proposed to extend the system, though in a more complete form, by constructing a harbour at Vizagapatam, to be owned and worked by the Bengal-Nagpur Railway Company. The scheme at present contemplated is of moderate dimensions, but with the construction of the Raipur-Vizianagram Railway it is confidently anticipated that the trade which will come to the port will necessitate considerable expansion at a not very distant date.

"Perhaps it is not generally known that, while we have been busy during the war period in supplying materials for military railways overseas, either from local manufacture or by dismantling existing lines in this country, we

have at the same time been pushing forward the construction of an important strategic broad gauge line, starting from Nushki, on the North-Western Railway, to Dalbandin, and from thence to the Persian boundary. The railway runs through a most inhospitable country, but despite all difficulties, including the almost total absence of potable water throughout its length, the first 120 miles were built in the short period of four months. When it is remembered that all labour, materials, stores, supplies and water had to be carried along with the railhead, the achievement is one which those in charge of the work have reason to be proud of. The total length of line already constructed is about 350 miles.

"The only other purely railway matter to which I would refer is that of the restrictions which had been placed upon travel during the past two years. Government are well aware of the discomfort and inconvenience caused to the public by the curtailment of train services which have been introduced. The pressure on railways left them no option but to bring it into being. Now, however, that normal conditions are being resumed, Government will use their best endeavours to restore the services to their former level at the earliest possible date. Already some improvements have been effected, particularly on the North-Western Railway, and similar action will be taken on other lines immediately opportunity presents itself.

"I would like to now refer to a subject which has been mentioned in recent issues of the Administration Report on Railways. Government have for some time past had under consideration certain schemes for the construction of aerial ropeways for the carriage of public traffic in various parts of India. Though this form of transport is not altogether a novelty in this country, it has not so far been used for the carriage of public traffic. Experience in other countries has, however, proved that it is eminently suited for the opening up of mountainous tract where the cost of construction of railways or of roads would be prohibitive ; and there is obviously ample scope for its employment for this purpose in India, as well as for the replacement of cooly transport to and from hill stations in Northern and Southern India which are not served by railways. The most important of such schemes now before the Government of India contemplates the construction of a ropeway from Jammu to Shahabad in Kashmir, and of a railway in continuation from Shahabad to Srinagar. This scheme has been investigated in detail on behalf of the Kashmir Durbar by a well-known Karachi firm who are in negotiation with the Durbar with regard to it. Further schemes of a similar nature are also contemplated by the same firm as well as by other promoters. Some of the projects have already made considerable progress, and the Railway Board hope that circumstances will so shape themselves as to admit of a start being made with construction before very long."

RESOLUTION *RE* REDUCTION OF BUDGET ALLOTMENT FOR RAILWAYS.

The Hon'ble Rao Bahadur B. N. Sarma :—"Mr. Vice-President, in my Budget remarks I have stated that I am one of those who believe in the rapid development of railways in this country . . .

The Hon'ble the Vice-President :—"May I remind the Hon'ble Member that he should first read the Resolution he moves ? "

The Hon'ble Rao Bahadur B. N. Sarma :—"I beg your pardon.

"Sir, I beg to move the following Resolution :—

'This Council recommends to the Governor General in Council that the Budget allotment of £17·7 millions for the construction of railways, be reduced by £5 millions.'

"Sir, I have already stated in my Budget remarks that I am one of those who believe in the rapid construction of railways with borrowed funds, and if I bring forward this Resolution asking for the curtailment of the Budget allotment of railways by £5 millions on the capital expenditure, it is because I am not satisfied, on the materials available to Hon'ble Members, that there is any necessity whatsoever for such a large expenditure of money consistently

with the needs of the country or with the needs of any of the other branches of administration, and also I may say, consistently with economy. At this juncture I may be permitted to state that perhaps the procedure that is followed in Madras, if followed here, would help Hon'ble Members in appreciating more correctly the value of the Budget statements than is at present possible. We are there furnished with a statement of the existing state of the establishments, the existing state of the administration and the proposed increases in the various branches, together with the details as far as they can be given, so that Hon'ble Members will know exactly where they are, in dealing with the details. Now here, it may be, that that procedure cannot be followed in its entirety in the case of the Government of India which may have to deal with additional taxation proposals. But I humbly submit that in the case of departments like the Post Office and the Railway, where there cannot be any question of disclosure of secrets, it would help us considerably in arriving at a correct understanding and appreciation of the existing state of things if that procedure were to be followed. For instance, we might be told what exactly is the number of wagons required, what exactly is the number of engines required, what approximately is the quantity of material that is to be carried, how the stock is proposed to be added, or what the cost of it is to be approximately, so that we may know whether there would be so much need for materials, whether the materials are being properly priced, whether there is so much need for the increase of engines or wagons and so on. Of course it may be said that in the details prices cannot be given, as that would mean dangerous disclosures. I humbly submit that that argument does not seem to be sound, because if the details are given in respect of contracts already made, there cannot be any difficulty whatsoever; people will be able to appreciate whether the contracts are proper or not; if they are in respect of future contracts, then it is but right that everybody in the market should know exactly what is wanted by the Government so that the Government may purchase at the lowest possible rate. I allude to this fact, because supposing we had known what the number of wagons or other materials proposed in this year is, what the increased traffic would be for which the increase in the number of wagons is meant, what the cost of these materials is to be and what the proposed cost is, then certainly we should have been able to appreciate correctly the need for this 35 crores of rupees expenditure. So much for the difficulties of Hon'ble Members.

"Now on the materials available, can Hon'ble Members be accused of having criticised adversely, wrongly and ignorantly this large programme of railway expenditure that is proposed during 1919-20? My submission is, no. I am not here, as I have already stated, to defend any particular position. We are here to bring to the notice of His Majesty's Government in India what our views are in respect of the various branches of administration. Certainly if we are given the information in the course of the reply to show how those views are incorrect inasmuch as we are not placed in the position of His Majesty's Government where they cannot acknowledge an error or in the position of His Majesty's Government here who are perhaps in the same situation, I should certainly be most happy to withdraw my Resolution; but on the materials furnished to us, I think I am perfectly right in asking for a retrenchment on the lines I have suggested. Why is it so? Now the Hon'ble Sir Arthur Anderson has told us that owing to the war we have not been able to replace various materials; that the machinery is out of order, and consequently there would have to be a good many replacements before we can cope with the traffic that is at present ready and that is going to be increasingly ready for conveyance the moment facilities are afforded to the public. I quite appreciate that position, and I see that under the head of working expenses a sum of about 10 crores of rupees has been taken for replacements, etc., and I take it that that grant, though it is a very large grant, would meet the necessities of the case, and therefore in respect of making the present machinery efficient, I think there is no dispute at present between the non-official Members and the Government, and they have not criticised that part of the Budget. Therefore, we must take it that we proceed with the railway appliances in the same state of efficiency as they were in before the war with such increases as may have been made during the course of the war.

"Then what is our next position? I understand and appreciate correctly, and I myself feel the difficulty as to whether by curtailing the expenditure we might not add to the difficulties of the public in reducing facilities by additions to the coaching or to the goods wagon stocks. But I will never, assuming that there is a difficulty, I will never arrive at the conclusion that because there is a difficulty and therefore there is a need for increase, therefore there must be so much increase It does not logically follow that because the Railway Department has not been able to meet the demands of the public in the past owing to certain artificial circumstances, therefore they will not be able to meet the same demands or similar demands in future. It will have to be shown how it is so, and I hope, before I sit down, to show that part of the programme should be deferred. Now we have been told that there has been a considerable curtailment of expenditure during the war. I will take the first item, for which a grant of £17 millions has been made. I find that during the years 1911-12, 1912-13 and 1913-14 there has been an expenditure of Rs. 1,167 lakhs, or an average of Rs. 389 lakhs a year. Now, if the expenditure during the next four years, namely, 1914-15 to 1917-18 be taken, we will find that it was Rs. 1,141 lakhs. That is, there has been a reduction, taking the average of the previous three years, of Rs. 415 lakhs, and taking the normal increase to be Rs. 389 lakhs, we will arrive at Rs. 389 for the current year +415 lakhs, or about 804 lakhs of rupees, taking the proportions existing prior to the war and nothing else.

"Then it cannot be said that there has been no increase whatsoever in coaching traffic. We find that while the number of passengers has during the years 1913-14 to 1917-18 varied from year to year and was 457 millions in one year and in 1917-18 it was 436 millions the coaching stock has been increased, I do not say in accordance with the needs of the situation, because there have been loud complaints that there has been overcrowding, and I appreciate the difficulties of the situation, but still there has been an increase and the increase is as follows :—

"It was at the end of 1914-15 22,991 coaching stock, and in 1917-18 23,956, or an increase of 985. If we turn to goods stock we find also there has been an increase. It was 184,376 in 1915-16 and 189,538 in 1917-18, or an increase of 5,162. So there has been an increase, as a matter of fact, in the goods stock.

"Then I submit that the total goods weight that was carried when I spoke last was about 83 million tons, dividing the total mileage by the number of miles run by each ton of goods. That may be a correct method of working or it may not be. If it is a correct method of working, it works out to an increase of about 3 per cent. I find, turning to page 130, that the weight of the principal commodities that were carried during that year 1917-18 were 67·4 million tons. The same or 67·05 in 1916-17. Whereas I find that during 1912-13 it was more than that, about 78 million tons; so that although a certain quantity of goods were to be carried over a longer length of mileage, we find that there has not been an appreciable increase in the weight. And we find if we turn to the agricultural statistics on page 6 that in 1917-18, except in the case of rice, the yield of the other articles in 1917-18 has not been greater than in 1914-15, that the yield of 1918-19 must have been even smaller than in 1917-18. Consequently it cannot be said that the produce of this country, I mean the agricultural produce of this country, the weight of agricultural produce has been so enormously increased as to necessitate drastic changes. It may be that, owing to having to carry the coal traffic which increased by about 4 million tons over longer distances, the goods wagons which were available could not be utilised for carrying the ordinary agricultural produce, but we at any rate think that inasmuch as a large part of the military traffic would not be necessary during the next year, it is possible to effect economies which would make a portion of the rolling-stock available to the merchant dealing in agricultural produce. And I think the same may be said with regard to the carriage of coal. We may be in the wrong, but at any rate we have reason to expect that that would be so.

"Now turning to the goods coaching facilities, we find that about a fourth or a fifth are military wagons. I do not think that, as the war has come to a close, there would be any necessity for an increase

under that head ; and the total cost of the goods stock being about Rs. 52 crores, even if you put the increase at one-fourth, it will not come to more than 13 crores at the old cost. The new cost being heavier, it is possible you would have to increase the Budget expenditure for the same quantity hence there must be economy, and a large increase is impossible in a year of high prices. I therefore submit that, whether we look to the existing agricultural prospect or the agricultural situation of the past few years, or whether we look to the increased facilities, which the Government can place at the disposal of the public in the immediate future, or the amounts of money that were being expended on the development of rolling-stock during the last few years and during the years previous to the war, we are unable to see that there is any need for such a vast expenditure as 1,714 lakhs. Well then with regard to the rest, that is the other items, we are hopelessly in the dark, they amount to 864 lakhs. There may be a very good explanation, but it would be for the erection of additional buildings or expenditure of that kind, or it must be, I suppose, by increasing the length of mileage. If it were so, it would have been a very welcome expenditure, but there are to be no new lines to be constructed. The only new lines to be constructed would cost 76 lakhs of rupees. Therefore we are not contemplating during the next year any very large or any appreciable increase in our total mileage, and it is solely and wholly with a view to the development of open lines, for adding to rolling-stock and making other improvements that we contemplate this expenditure, not to make the old machinery more efficient, but to add to the existing rolling-stock. I hope that the Hon'ble Member in charge of Railways will be able to convince us that there is real need for the money and that the money will be well spent, and then I shall be only too happy to acknowledge that the Resolution, though it serves a useful purpose, will have served its purpose, and withdraw it."

The Hon'ble Mr. M. N. Hogg :—" Sir, I really do not know whether to wonder at the pertinacity or to deplore the shortsightedness of my Hon'ble friend in bringing forward this Resolution. I wonder at his pertinacity because I should have thought that the speeches made by the Hon'ble Mr. Ironside and Mr. Howard and Sir Dinshaw Wacha during the last stage of this discussion, to say nothing of the *coup de grace* administered by the Hon'ble Finance Member, would have entirely demolished any vestige of a case that my Hon'ble friend may ever have imagined himself to possess, but apparently it is not so and he remains unrepentant and unconvinced. It is necessary therefore for me to oppose this Resolution. In doing so it is difficult to avoid repeating a good deal of what has already been said, but I will avoid repetition as far as possible, and I will therefore start by associating myself whole-heartedly with the very excellent speech on this subject made by Mr. Ironside last Friday. Now, Sir, the first point which emerges from this Resolution is whether the proposed expenditure during 1919-20 on railways is in excess of the requirements of the railway system. What are the facts? The facts are that the Mackay Committee recommended an annual expenditure of £12½ millions sterling as required for the railways of India. They recommended that several years before the war, but not only was that recommendation never acted up to as an average annual expenditure, but I think I am right in saying that in no single year was that figure actually attained. We, therefore, entered upon the war with a railway system which had already fallen behind the requirements of the country. I base that statement not only on the fact that we were behind the recommendations of the Mackay Committee, but on what I think was an almost universally acknowledged fact. Every year, when the yield of any particular kind of agricultural produce in any particular district was unusually large, there was the same tale, hopeless congestion, much of the produce spoilt through, being unable to be railed down to the consuming or exporting centres before the advent of the rains.

" Well then, we entered upon the war period with arrears of railway development. During the war the railways have accomplished wonders, but they have accomplished those wonders at the cost being bled white. I do not think I need labour that point. It is generally admitted. And what are we doing? This extravagant grant, against which my Hon'ble friend rails, simply amounts to giving the railways this year the equivalent of what the

Mackay Committee recommended should be spent upon them each year. They recommended 12½ millions and there can be no question about it that the purchasing power of the 24½ millions recommended this year is certainly not in excess of, if it is equal to, the purchasing power of 12½ millions in pre-war days. Therefore, it simply amounts to this, that our estimate for this year is equivalent to what we were told a good many years ago we ought to spend each year on our railways; whereas the railways have been worked to the death during the last three or four years and all repairs and renewals neglected through absolute necessity. I submit, therefore, Sir, that the grant this year is in no way in excess of the requirements; indeed it is barely adequate to the requirements; and I would ask Hon'ble Members of this Council to face this railway situation seriously and to realise that, if we are to have a railway system in any way adequate for the requirements of the country, we have for several years to come to maintain railway expenditure on very much the same level as it is in the estimates for the coming year; unless, of course, the cost of all railway materials goes back to pre-war prices which I for one do not expect to see for many years to come. It is not a question merely of this year's programme; we shall have to face a programme of this nature for years to come or else fall hopelessly into arrears. The next point for consideration is whether, if this grant is not in excess of the requirements of the railway system, it is desirable that those requirements should be met. I do not think that I need say much about this, as I understand that even the Hon'ble mover admits that it is desirable. This aspect of the question was also fully dealt with by the Hon'ble Mr. Ironside. There is just one point however I should like to refer to in this connection, and that is the very common fallacy which finds a place in the writings and speeches of some publicists, who ought to know better, the fallacy that it is only the commercial classes who really benefit by an efficient railway system. The truth is that, although, of course, the commercial classes like everybody else benefit by an efficient railway system, there is nobody who benefits more than the agricultural labourer who is the backbone of this country. As the Hon'ble Sir Claude Hill pointed out on Saturday, in times of scarcity, an efficient railway system is required to relieve that scarcity; in times of prosperity an efficient railway system is required to enable the agriculturist to reap the full fruits of the prosperity.

"Well, Sir, I have accused the Hon'ble Member of shortsightedness in moving this Resolution, and I propose to attempt to justify that accusation. In this connection the first point to which I would refer is the remark made by the Hon'ble Mr. Howard who pointed out that by starving your railways you were killing the goose that laid the golden eggs. In support of this I need only refer the Hon'ble Mr. Sarma to the Hon'ble the Finance Member's Narrative relating to this year's Budget, in which it is pointed out that railways this year were a great standby, and similar remarks occur in the similar statements of the last two or three years. Throughout the war one of the greatest standbys of Government has been the revenue derived from railways.

"Another reason why I accuse my Hon'ble friend of shortsightedness is this. He professes—and I am sure he feels—great eagerness for the development of industries. In this Council, only on Saturday, he moved a Resolution pressing for further expenditure in carrying out the recommendations of the Industrial Commission. I put it to the Council, what better way of carrying out those recommendations can there be than expenditure on railways. An efficient up-to-date railway system is the very life's blood of, the very first essential to, any industrial development whatever, and I would ask Sir Thomas Holland whether his Industrial Commission's Report is worth the paper it is written on without an efficient railway system.

"I have just one other point in this connection to make, and that is that it is not sufficient from my point of view that this Resolution should be, as I hope it will be, rejected. The mere moving of it is capable of doing a good deal of harm and for this reason. We have heard at different times a good deal of the lack of sufficient capital in India for the development of industries or rather of the shyness of Indian capital in coming forward to invest in industries. Can anything be more calculated to increase that shyness and to

reduce English capital to the same condition than finding that gentlemen in the position of my Hon'ble friend are always ready to move reductions in the most necessary expenditure on railways? It is no use my Hon'ble friend prefacing his remarks by assuring us that he is a whole-hearted advocate of railway development and then proceeding at once to move the reduction of the most necessary expenditure. Words of that sort will cut no ice with the investor. I do very earnestly ask Hon'ble Members to look at this aspect of the question. We are on the eve of great constitutional reforms in India, constitutional reforms which will enable gentlemen in the position of the Hon'ble Mr. Sarma and those who agree with him to have a great deal more power and influence over financial and political matters than they have at present. Is it likely to encourage the investment of capital, whether English or Indian, in industries in this country, if those who possess that capital find Hon'ble Members like Mr. Sarma taking up this attitude towards the most necessary expenditure on what is the very foundation of any industrial progress or development at all ? I can assure him from my own personal knowledge that this Resolution and the point of view it represents is calculated to do considerable harm to the prospects of the investment of English capital in this country, and with regard to Indian capital I will leave that to the Hon'ble Sir Fazulbhoy Currimbhoy to say."

The Hon'ble Rai Sitanath Ray Bahadur :—"Sir, I am sorry to have to oppose this Resolution, because of the fact that I am myself a merchant and I know from my personal experience that it would be most mischievous and detrimental to the interests of the country to reduce by £5 millions the allotment of £17 millions made for the construction of railways. Now when scarcity looms very large in the horizon and when famine has already been declared in some parts of Bombay and other places, what could there be more positive proof of the desirability of doing all that we can to make up the deficiency that has been caused by the transfer of wagons and locomotives to Mesopotamia than in the fact that it is on account of the shortness of wagons that restrictions have been placed on the movement of foodgrains from one province to another, and we cannot move grain freely even where it is absolutely necessary that they should be so moved. Only the other day I purchased some thousands of maunds of rice in a place very near to Calcutta; and for the last two or three months I have been moving heaven and earth to get a few wagons to transport that rice, which was lying at a distance of only 16 miles from Calcutta, and where boat or other transport is not available. Even with my best efforts I could not induce the Railway Department to give me these wagons, and I had to move the Hon'ble Sir Arthur Anderson to come to my rescue. He was good enough to refer me to two other gentlemen, and those gentlemen referred me back to the Traffic Manager at Calcutta, and it was with the greatest difficulty that at last I secured a few wagons. However, I have got most of the rice now in Calcutta. It is only the merchant who knows the difficulty that is being experienced in this matter, and it would be a misfortune if, after the drain which has been caused to the railways of India by the transfer of wagons and other rolling-stock to Mesopotamia, we were to reduce the allotment made this year for railway construction. I am, therefore, sorry to have to oppose this Resolution."

The Hon'ble Khan Bahadur Mian Muhammad Shafi :—"Sir, the Hon'ble Rai Sitanath Ray Bahadur has opposed the Resolution moved by the Hon'ble Mr. Sarma as a representative of the Indian mercantile classes. As a representative of agricultural interests in this Council, I rise to offer my opposition to the Resolution. I cannot help thinking that when my friend the Hon'ble Mr. Sarma decided in his own mind to move this Resolution, he could not have had an adequate conception of the state of things actually existing in the country. My province has been spoken of by the poet of old as *Intikhab-e-haft Kishwar*, *i.e.*, 'an epitome of seven kingdoms'. I will, therefore content myself with describing very briefly indeed the state of things prevailing in the Punjab, assuming, as I do, that the conditions obtaining in the rest of India are either absolutely or very nearly similar.

"Before the middle of 1914 the process of railway expansion in the Punjab was tardy enough, as pointed out by the Hon'ble Mr. Hogg; but some railway expansion did go on from year to year. Towards the end of that year, because of the terrible world conflagration which has brought untold misery on the human race, the expansion was absolutely stopped owing to the exigencies of the military situation and of the exorbitant and heavy calls on the public exchequer due to military expenditure. For the past 4½ years, therefore, there has been no railway extension of any kind or sort in the Punjab. But matters did not rest there. When the Mesopotamian campaign was undertaken, branch lines in more than one part of the province were taken up and the rails were sent to Mesopotamia to meet military requirements there, with the result that not only was the trade of those parts absolutely dislocated, but a considerable amount of hardship and inconvenience was caused to the people in those tracts who had become accustomed to railway traffic. In addition, a large number of locomotives, wagons and trucks and I am not certain if 3rd class railway carriages also . . . .

The Hon'ble Sir Thomas Holland:—"Yes."

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—. . were sent away from our province to Mesopotamia, with the result that the number of goods trains and the number of passenger trains had to be cut down. The consequences of this curtailment of passenger and goods trains are obvious. Foodstuffs from parts of the province, where they were in abundance, could not be transported to places which were threatened with scarcity and famine. Trade was dislocated and the travelling public in the Punjab had to face difficulties and inconveniences which those who have actually seen the discomfort of the travellers with their own eyes can alone appreciate. When I have during my travels over the Punjab in the hot months of June, July and August seen 3rd class passengers packed in 3rd class carriages like sardines, I have pitied their lot, and I have been waiting, anxiously waiting, for the time when the situation would enable the Government to meet the difficulties of the travelling public. To me it seems that the urgent necessity of a speedy restoration of the state of things which existed before the war is the paramount duty of Government, and it is obvious that the industrial development of this country also will require considerable railway expansion in order to meet the needs of the situation. I do not wish to travel over the ground which has already been covered by the Hon'ble Mr. Hogg, and I will therefore conclude my remarks by hoping with the Hon'ble Mr. Hogg that my friend, the Hon'ble Mr. Sarma, will see his way to withdraw this Resolution. I have personally a suspicion that he really intended to put forward this Resolution in order that he might be able to point out where the money for his two previous Resolutions in regard to Sanitation and Elementary Education—Resolutions with which I was in entire sympathy—was to be found. If that is so, there is no sense in insisting on this Resolution now. But if he intended to put forward this Resolution on its own merits, then I am sorry to have to oppose it. With these few words I beg to oppose the Resolution."

The Hon'ble the Vice-President:—"Pandit Madan Mohan Malaviya."

The Hon'ble Pandit Madan Mohan Malaviya:—"I will speak after my Hon'ble friend (Sir Fazulbhoy Currimbhoy) has spoken."

The Hon'ble the Vice-President:—"I am afraid the Hon'ble Member can only speak when he is called on by the Chair."

The Hon'ble Pandit Madan Mohan Malaviya:—"I refuse to speak until my Hon'ble friend has spoken."

The Hon'ble the Vice-President:—"I have given the Hon'ble Pandit an opportunity of speaking, and he must not complain if I do not give him another."

The Hon'ble Pandit Madan Mohan Malaviya:—"I will be within my rights in asking for another opportunity whether you give it to me or not."

The Hon'ble Sir Fazulbhoy Currimbhoy:—" Sir, I fully endorse what has fallen from my friend the Hon'ble Mr. Hogg. The Indian commercial community, Sir, have always complained of the shortage of wagons. Even before the war, the Indian Chambers of Commerce were feeling the pinch. There were not enough wagons even to transport cotton from one place to another, and a lot of money was locked up by cotton merchants in the districts on account of this shortage of wagons. What has been made most of is that it is only the commercial people who for their own benefit want to extend the railway programme. I think that it is not entirely so. As my friend, the Hon'ble Mr. Shafi, has just pointed out, it affects agriculture also. Then, Sir, we must see what other countries have done in regard to railways. All other civilised countries, according to the proportion of their land and population, have much larger mileage of railways than this country, and we ought, therefore, I think, to extend the programme, which ought to be kept up as my friend, Mr. Hogg, has suggested. I therefore wish that Mr. Sarma will withdraw his Resolution. I think, Sir, that Members in this Council also must think of the commerce of the country. Unless you have commerce extended how can you get more money ? In financing the war a lot of money was met by the commercial people ; not only that, but the major portion of the loan was subscribed by the commercial people. So Indian politicians ought to try to expand trade and industries in the country. I know my friend, Mr. Sarma, is also very keen on industries. I hope he will do his best to ask his Indian friends on the Madras side to do their best in starting industries. In this way he will get money for sanitation, as well as more money for education. As my friend, Mr. Hogg, has said, railways are the first charge upon which the industries can be extended. With these few words I oppose the Resolution."

The Hon'ble the Vice-President:—"I will give the Hon'ble Pandit another opportunity of speaking. But we must naturally observe the rules under which we meet here. I refer him to rule 11 of the rules for the discussion of Budget Resolutions. But on this occasion I will give him another opportunity."

The Hon'ble Pandit Madan Mohan Malaviya:—"I submit with due respect, Sir, that I do not violate any of the rules. A Member is entitled to speak when he has a chance."

The Hon'ble the Vice-President:—" I cannot hear the Hon'ble Member on a question of order. The rule says distinctly that Hon'ble Members will speak in the order in which the President may direct."

The Hon'ble Pandit Madan Mohan Malaviya:—" Well, Sir, I will not say anything more about it at present, save that I think that Members have a right to speak at the time they think fit. Now, coming to the Resolution, I do not think that my friend, Mr. Sarma, left it in doubt that he appreciates railway development. His point is not that there should be no sufficient provision made for railway development. I understand his point to be that the provision made is excessive. The remarks which have been made after his speech show also that it was so understood by some Members ; for instance, Mr. Hogg in speaking of it put it distinctly that the question was whether the provision was in excess of the requirements of the situation. Now, one of the arguments which has been used is that in past years during the period of the war railway finance was starved and the amount that is now provided is, in the words of one of the speakers, just equivalent to what would have been provided in the past years according to the recommendations of the Mackay Committee. There are two points to which I will invite attention. The first is that the Mackay Committee recommendation had never been carried out to its full extent during the years before the war,

has never yet been carried out, and it seems to me to be a peculiarly bad time to select after this period in this particular year to make up for the deficiencies of all the grants provided in the previous years according to the recommendations of the Mackay Committee. I have never heard that because a man was starved or had not had sufficient food for a certain number of days, therefore he should be stuffed with an amount of food equivalent to make up the deficiency of the whole period during which he had been starved. The question raised is, whether the amount that you are providing in the Budget will be usefully, reasonably, properly spent, and there I beg to join issue with all the Members who have spoken in support of it. We are not opposed to railway development; we are not blind to the existence of commerce or agriculture; we recognise that railways are beneficial; we want railways to be developed; but the substance of the Resolution, as I understand it, is whether you are likely to spend the amount that you are providing reasonably without extravagance and without waste. On that point I submit the explanations that have been given are not sufficient, are not convincing. Now, it has been said by the Hon'ble Sir Arthur Anderson that there were difficulties in obtaining supplies of railway materials within the past three years. Naturally. And he hopes that those difficulties will be surmounted. I join in that hope most ardently. We do need railway development, and I hope that those difficulties will be surmounted to a large extent. But is there a reasonable guarantee that those difficulties will be surmounted to the extent of justifying the expenditure which is provided for without involving waste and extravagance? That is the point which is before the Council. I submit that nothing that I have heard satisfies me that extravagance and waste will be avoided. Therefore, Sir, all remarks pointing to the urgency of railways, to the need of railways and more railways, and to the benefits which are to be derived from those railways, do not touch the main point which has been raised by the Resolution. I hope that I will hear something more before the Resolution is put to the vote. There is one other aspect to which I would invite the attention of this Council. The opposition of some of us Indian Members to the extension of railway programme is not properly appreciated by my European friends in the country. In other countries where you have railway systems, the railways are worked more economically and with more benefit. Thus Holland has paid up every pice of what it had sunk in railways. Other countries have derived large profits. Here you are extending the railways system on a basis which is very extravagant, very much more costly than it should be. This has been pointed times without number. Years ago, in the eighties I think or early in the nineties, a member of the geological department deplored that when the Government of India resolved upon having a State railways system, and upon extending the railways in this country, they did not at the same time decide to start iron and steel works in order to manufacture railway material which they required for the purpose of that extension. He pointed out that it cost 50 per cent. more of tonnage charges importing material from England, 50 per cent. more than would be required if the material were produced in this country. Now, the experience of this war has shown the work done by the Tata Iron and Steel Works, has shown that material can be supplied, can be obtained in this country. The Government have utilised that material, and I am glad to know that the Government have asked the works to go on supplying materials for the years to come; but the point is that if the Government has appreciated the extension of the railways, they ought at the same time to appreciate the duty of doing everything that they can to economise the extension of those railways, and one of the ways is to found workshops, huge workshops where railway materials should be manufactured in the country. That is one point.

"The other point is that in other respects also you have shown nothing that you are doing anything to economise railway construction and management. Complaints have been made many times in this Council and elsewhere that you are not employing indigenous agency to the extent you should in order to have a less costly and equally efficient agency to deal with. Well, I have not heard anything said in this debate, or throughout the Financial Statement debate, which would point to the hope that the Government are alive to the necessity of practising such economies as can be practised and ought

justly to be practised in the extension and management of railways. I should like to hear something on that point. These are the reasons why we Indians are so suspicious, rather I would say so anxious, to see that railway extension should not be pushed at a breakneck rate. We do not ignore the benefits of railway extension. We should have more if we had the power which my friends on the official bench have; probably we could show that we could develop railways to a larger extent, with more economy and with greater benefit to the people and with greater satisfaction to everybody concerned. That is the gist of the opposition. Let the Government deal with the proposition as they like."

The Hon'ble Sir Thomas Holland:—"Sir, I propose to deal with the remarks that have been made to-day in the inverse order of the speakers. My Hon'ble friend, Pandit Malaviya, has just drawn your attention to the fact that, as he thinks, there have been extravagances in the management and working of railways. He apparently suggests that if we could change the present management and introduce more Indian experts like himself, these difficulties would disappear . . . . .

The Hon'ble Pandit Madan Mohan Malaviya:—"I did not say I was an expert in railway working. The Hon'ble Member is wrong."

The Hon'ble Sir Thomas Holland:—"I will withdraw the suggestion that the Pandit is an expert in railway working, but nevertheless he is ready to give us advice. I should like to point out that we shall not get one step further in this discussion as long as we introduce extraneous questions of this kind, as there is no quantitative unit by which may be determined the economic advantage that will follow if we introduce more Indians into the management and working of Railways. My friend Mr. Hogg from Bombay said it was not sufficient to reject this Resolution. I agree with him; and I hope the patience of the Council will not be exhausted while I attempt the difficult task of making the situation convincingly clear to the Hon'ble Mover. The Hon'ble Mr. Sarma complains that members are not provided with details sufficient to enable them to criticise the details of the Budget. The Annual Administration Report on Railways is one of the most detailed reports of its kind issued; but, if the Hon'ble Mr. Sarma can move a Resolution without knowledge of the facts, it would be quite useless to provide him with any details.

"The questions that have been discussed to-day were discussed last week, and the arguments used to-day were effectively answered last week from different points of view. I will not waste the time of the Council by reviewing them. I will not attempt also to review the competing claims of sanitation, of education, industrial development and irrigation. These types of activities fall into one class in this respect, namely, that any money spent, except through qualified agencies and without carefully thought out plans, must necessarily do more harm than good to the country. The Government are as anxious as any Member of this Council to improve and extend both education and sanitation; but it would not be difficult to cite examples to show how costly have been our past errors in both directions.

"My business to-day is not to establish a justification for every constituent of the Budget equation, but to demonstrate to the satisfaction of the Council the necessity of increased expenditure on those activities for which I am for the time being responsible. It is easy to prove, not only that the money allotted is necessary and urgent, but that it can actually be spent judiciously within the year. On Friday last the Financial Secretary, Mr. Howard, drew attention to the fact that we look to the Railways for a revenue of 10 to 11 millions sterling, and he advised us to be careful of the fruitful goose that lays the golden eggs. But it is not the eggs so much as the goose itself that I am now so anxious about. That goose cost just 367 millions sterling. We have been compelled during the war to starve it and we have been compelled even to pluck many of its feathers. The eggs we get in any one year are less important than its depreciation by neglect and ill-treatment.

"To neglect to renew our losses and to repair the damage done to such a valuable property would be justifiable only to win the war. We have won the war, and it would now be criminal disregard of our trust to postpone any longer the repairs and renewals which are necessary to preserve the fertility of the goose. I will not pursue this simile any further, as on the last occasion when I adopted a homely domestic illustration, the Hon'ble Mr. Sarma, in reply, first mutilated it beyond recognition, and then pursued the idea to the borderland of the indelicate.

"Neglect to repair our property means that depreciation sets in, not by arithmetical increments but in geometrical progression. We dare not wait another year, whatever the prices of materials may be. The sum we now propose to spend on railways would be regarded by any business-man as distinctly small.

"You can get some idea of the necessity of repairs and renewals from two sets of figures; the profits compared with the expenditure and the rolling-stock compared with the traffic statistics. The Hon'ble Mr. Sarma this morning has given us certain figures with regard to both, and I will try to make them a little clearer by removing unnecessary details. During the war the net working profits on Indian railways have jumped from £2 millions to £11 millions, which indicates significantly the way in which receipts have outstripped expenditure. If now we take the rolling-stock account and compare it with the traffic figures, we get what a shareholder would regard as equally disquieting results. When the war started we had 186,000 wagons in commission. By last April we had 192,000. If now you allow us to carry out our programme and add 15,000 wagons, we shall have by next April, not 192,000 *plus* 15,000, but only some 198,000; that is, we have to allow for about 4,000 that certainly will be scrapped this year and more in the next, in addition to the 4,418 that were sent to Mesopotamia. The increase of wagon capacity will thus be about 6 to 7 per cent. The ton-mileage has, however, risen from 15 thousand millions in 1915 to 21 thousand millions in 1918; that is, an increase of 40 per cent. without counting the record year just closing and the year about to open. And still the picture is not quite true; for our annual 'scrap' account henceforward will certainly be in excess of the past: wagons that have been overworked during the war will fall to pieces as rapidly as the rest of us who have also been overworked. These figures in a business concern would naturally give rise to disquieting suspicions in the mind of any wise shareholder. He would naturally expect his Board of Directors to prove that his property is not being torn to pieces, and the future being sacrificed for immediate profits.

"I could give you a similar picture of our 8-9,000 locomotives, but I do not want to weary the Council with figures. What I do want to say for the Hon'ble Mr. Sarma's edification is this: If he had the most elementary political prevision, instead of trying to starve the goose, he would have challenged the Government for neglecting the property which he, as a prospective member of the Reformed Government, hopes to inherit.

"On Friday last the Hon'ble Sir Dinshaw Wacha told us that a year ago he recommended the Hon'ble Mr. Sarma to take up the study of finance; and, based on the improvement which he thinks he now recognises, he predicts that Mr. Sarma might be the Finance Minister of the Reformed Government, possibly in another ten years. Sir Dinshaw's cheerful and charitable optimism is well known to all of us. But, Sir, on the assumption that this time his diagnosis and his prediction are both well-founded, I will take the opportunity of giving Mr. Sarma a formula that may serve to be a useful guide to him in time of doubt. It is this: the Finance Minister who fails to distinguish between what is important for the future and what is absolutely essential to-day, will bring his country to grief in his first year of office. It is the observance of this formula (which is true in business, true in administration and fatally true in war) that forces the Government at this special time to distinguish between Education and Railways and between Sanitation and Railways.

"The expenditure of a relatively large sum on Railways, as compared with Irrigation and Industrial development, is based on another principle only

secondary in importance. It has been pointed out in this Council that the railways are already unable to carry our crops and our coal. Few people here realise the great increase of tonnage that follows the development of a relatively small industry. It is not so much the transport of the finished products, which was referred to by one of the speakers on Friday, as the assembly of the raw materials (which weigh much more than the finished products) that throws a burden on the railways. I have not looked up the figures very recently, but I think I can trust my memory in saying that the Bengal Nagpur Railway statistics show that, on account of the Tata Steel Works alone, the ton-mileage of the whole system had increased by 50 per cent. There are gentlemen in this room who will remember, and remember with pain, my refusal to give priority recommendations last year for the plant required for a most desirable industrial enterprise, merely because I knew that the railway concerned could not handle the raw materials to be assembled without the doubling of its track.

"Now, the other business principle which I offer to complete the mental equipment of our future Finance Minister is this: In business administration take care that all parts of the organization are duly balanced. The most economical step towards increasing the strength of the chain is to discover and strengthen its weakest link, and in the industrial development of India especially, the railways at present are carrying as great a burden as they can bear; they form the weak link in our chain.

"It has always struck me, as an outsider and before responsibility had produced its inevitably soothing influence, that one Finance Minister after another till now had failed fully to realise that every rupee spent on our railways also meant subsidising a new industry, adding far more to our wealth than the golden eggs which Mr. Howard counts so anxiously. This battle between the prophets and the financier has been going on since the railhead first stopped at Ranigunj. In my old office at Calcutta will be found a correspondence dated in the early sixties when the first Director of the Geological Survey implored Government to push the rail through the coalfields. He was told to mind his own business and to cease the correspondence; but, being less perfectly disciplined than some of his successors, he delivered a final shot by rashly declaring that, in his opinion, it would pay ultimately to push the railway even as far as Benares! It is difficult to realise now the mental attitude that existed in those days with regard to the railway question, but I am afraid we have always been lagging behind the needs of the country.

"Some of our commercial friends here have never ceased telling the Government that the Railways have hitherto been the limiting factor in commercial progress. I recently noticed, on turning over the products of my early service in India, before Councils were invented and one had time to work and think, a deduction drawn from the study of mineral statistics which subsequent figures, so far as I can ascertain, have confirmed and demonstrated to be sound. Twenty-five years ago the annual output of coal in India was under 3 million tons, while the consumption of Indian coal on railways was just a million tons Last year the output of coal was over 18 million tons and the consumption on Indian railways under 6 millions. So that the output of Indian coal has risen by six times in the same period. If you study also any intervening year, you will find that the consumption of coal on railways has never been below 28 per cent. and never above 33 per cent. of the total output. This means that the ratio between coal consumed on railways and that used in other coal-consuming industries has remained almost stationary for 25 years, in spite of an increase in both of 600 per cent. I would not say from this that the development of railways has absolutely checked the development of industries, but I do say that the railways have obviously never rashly gone ahead of the coal-consuming industries, and that fact is, I think, significant. I published this conclusion 15 years ago, and was never reprimanded by the Department of Government responsible for the Railway policy. I re-state it now, on behalf of that Department, as a lesson that we should take to heart in considering the Railway policy of the future.

"One of the Hon'ble Members has already drawn attention to the important fact that during the past three years we have spent on our Railway

property less than 3 millions a year, against the 12½ million standard which was set by the Mackay Commission. The actual position, however, is far worse than these figures disclose; they take no account of the fact that during that period we have sent away to Mesopotamia 210 engines and 429 coaching vehicles and 4,418 goods wagons. These have to be replaced, in addition to large quantities of rolling-stock that have been damaged by over-work and forced neglect of repairs during the war.

"I regret, therefore, that on behalf of the Railway Department, I cannot undertake to relinquish any part of the money that has been allotted in the Budget for the purpose of preventing further losses on our Railway system. On the other hand, I ought to remind the Hon'ble Mover of the Resolution that when, ten years hence, he proposes a small allotment of say 50 millions for Railways, some member, with an inconveniently long memory, may recall, to his discomfiture, this Resolution of March 10th, 1919. My advice to him is, therefore, to earn merit now and to justify Sir Dinshaw's prediction by acknowledging an error which great men before him have also made, and an error that, I understand, some of them have repented."

The Hon'ble Rao Bahadur B. N. Sarma :—"Sir, I am very glad that I have moved this Resolution because the extreme warmth with which the Hon'ble the Commerce Member has been compelled to defend his policy and his measures, convinces me beyond doubt that I am right and the great need for the non-official public to take hereafter some interest in railway administration. Well, I never posed as an expert, and I never in my dreams expected that the Government of India would be so radically modified in the near future as to allow any Indian five thousand times more brilliant than I to occupy those sacred seats which are now occupied by Sir Thomas Holland and others. Therefore I think the Hon'ble Sir Thomas Holland has, for lack of argument, made use of my friend's joke, which I did not take exception to seriously as coming from an elder who has a perfect right to give advice, but I am afraid that at this juncture I shall have to show that perhaps Sir Thomas Holland is not quite so correct in his diagnosis of railway policy or in the conclusions at which he has arrived as he seems to imagine. There is no need for my defending any position and therefore for feeling anger with the Department or with the gentleman in charge of a department even when he successfully uses his position for the purpose of showing that the materials which his department can furnish him enable him to demolish a non-official member who is devoid of that advice. But, in spite of the great help which Sir Thomas Holland has and which I sought to have placed at the disposal of non-official members, what has the result been? First of all with regard to the remarks about sufficient materials being available in that blue-book, which has not been utilised, may I ask, Sir, whether Sir Thomas Holland has got here the additions by which he proposes to increase the stock by his Budget grant in 1919? The number of wagons which were sent away to Mesopotamia, the number of wagons which he proposes to build in India, the number he proposes to get from England, the cost thereof prior to the war, the cost thereof at present, and the materials which even a more obtuse mind than mine can appreciate, let alone that of the genius shining across there? He says, if I understand rightly, that 186,000 was the number of wagons prior to the war, and 192,000 at the end of the war, that is in 1917-18. There has been some increase, so I take it that the number existing now is larger excluding the number sent away to Mesopotamia, because I find here a number of minuses, so that I take it that in spite of the wagons, materials, etc., that have been sent away to Mesopotamia, we arrive at this result of 192,000. Therefore I for one, trained in less intellectual methods, cannot appreciate the force of the argument that a number of engines have been sent away, a large stock of other kinds, and many goods wagons have been sent away. Of course I can understand that if these were included in the 192,000 there would be very great force in the reasoning. But failing to see that, let us proceed. 186,000 wagons I take it cost about 52 crores of rupees. If these figures are correct and 15,000 wagons are expected to cost 17 crores of rupees that is less than 1-12th, which ought to cost 4½ crores, are to be purchased at 17 crores now. Therefore material which we might have bought for 4 crores is supposed to be

bought this year for 17 crores, and Hon'ble Members who question the wisdom of buying so many wagons in the market at such high prices are foolish, are ignorant, are asking for impossible things, are asking for uneconomic expenditure, and are therefore to be placed outside the pale of the law as persons with whom no person who has at heart the true economic and industrial development of the country can have anything to do. It may be that these 15,000 wagons are of a first class type, or it may be that some of them are of very poor quality and open trucks, but these averages will not help us and that is the reason why I said a little light thrown in the Budget Statement as to what kind these 15,000 wagons are would be an advantage. First of all we are not told that it is 15,000. Never mind that. We should then analyse and see whether they would be 1st class, 2nd class or 3rd class carriages or what kind of carriages they are if any portion of the rolling-stock is to be coaching and whether the cost taken is the correct cost. But those are materials which the Hon'ble Member (Sir Thomas Holland) thinks need not be furnished to Hon'ble Members because they are never expected to interest themselves in these matters, and it would be foolish and impertinent of me to ask similar questions of the Hon'ble Member in the midst of the august assembly which rules here. I, therefore, take it that it is about 1-12th that is proposed to be added at a cost normally four times as much as the pre-war cost. It may be that the figures and averages that I have been dealing with may be incorrect, but I think I am perfectly justified in my criticism that the purchase in the market of material at four times its normal cost would be wasteful extravagance, and that I am right to deprecate it. Then it was said, Sir, that we were not entitled to take only the weight of the tonnage into consideration, but also the total mileage run, and if that is taken, 40 per cent. would be the ratio and not 3 per cent. or less that would have to be taken into consideration. In setting out one of the factors in the situation I stated last time distinctly that that is one of the difficulties which meets us and one would like to know how far that difficulty would be minimised in the coming year on account of the cessation of hostile operations, on account of the large numbers of wagons which are being at present utilised and which were utilised last year for military operations and for the carriage of coal connected with the war, being released for ordinary commercial purposes, that is a proposition on which I said some light might be thrown. But I see at the end of the argument we had a lecture on general commercial development and general railway development, but on some of these details asked for the Hon'ble Member thinks that it is not wisdom to throw light. While so, I fail to see how any one, with the most brilliant intellect, can be convinced even now that my proposition was wrongly conceived or was wrongly pressed upon the Government.

"Now, referring to the observations of the Hon'ble Mr. Hogg, I have every sympathy with what he said that we should demonstrate in a practical manner that we have at heart the commercial and industrial railway development of the country and not merely profess it in theory. Well, if the Hon'ble Mr. Hogg had thrown light upon any of the difficulties which I expressed strongly both on the last and on the present occasion and helped me in a solution thereof instead of indulging in general observations, I should have been extremely thankful to him, and I should have said certainly I am in the wrong, if I felt so, but, without doing so, he cannot expect us to follow him. We are not ignoring, and I for one am not ignoring, that in the future the cost of materials is likely to be much larger than it has been in the past. But without the Legislative Council, without the country, having an opportunity of deciding, after expert investigation of the subject, as to what its future policy should be having regard to other needs, are we to have practically the inception of a new policy embarked on in this fashion? My Hon'ble friend says that my Resolution must be rejected not only because it denies the grant of £25 millions this year, but because it would in principle be rejecting the grant of another £25 millions in future. I humbly submit that it was for that very reason I have asked this Council at this stage to reject this amount of £25 millions, because we should otherwise be indirectly committing the Government to the policy. If we are to buy the same material for nearly twice the money, then certainly the proposition is an arguable one. But it

will have to be considered whether we should borrow at such a high rate of interest as 5½ or 6 per cent., borrow money competing with those who wish to utilise it for the reconstruction of Europe or wait until the industrial development of this country can produce the material more cheaply and the interest rate goes down. These are questions which ought to lead us to pause before we reject this Resolution in a light-hearted fashion. I for one protest against incurring an enormous expenditure of £25 millions year after year at these high prices without an adequate inquiry, and therefore I submit that that argument should not be used during the current year for the purpose of rejecting my Resolution.

"Then, my friend the Hon'ble Mr. Shafi, drew a doleful picture with regard to trade in his own province. I might draw an even more doleful picture of what is taking place in my own part of the country; because if anyone is feeling the effects of the shortage of wagons it is my unhappy district and my unhappy province, which is too far, too distant from Delhi to have its cries heard. I have alluded to the fact that the total cost of goods wagons on the Southern Mahratta Railway is only 97 lakhs against more than 62 crores, in more favoured provinces, and I have said in a way that in my district, owing to the wagon difficulty, traffic is suspended and we cannot import rice into it. I realise fully the difficulties of agriculturists and others. I realise them and if in spite of that I move this Resolution it is not because I am obvious of all this, but because I want to have this policy threshed out and to understand clearly whether we are getting our money's worth for the money we are going to spend. I have not been convinced by the arguments that have been advanced by the other side, and I must press my Resolution."

The Hon'ble the Vice-President:—"Does the Hon'ble Member in charge desire to make any final observations?"

The Hon'ble Sir Thomas Holland:—"No, Sir. The Hon'ble Mr. Sarma, I think, has the right of final reply."

The motion was put and negatived.

[At this stage the Council adjourned for Lunch till 2-30 P.M.]

FINANCIAL STATEMENT, 1919-20.

The Hon'ble Sir William Vincent:—"Sir, I beg to introduce the following heads of the Financial Statement for 1919-20:—

Revenue.	*Expenditure.*
Registration.	Registration.
Jails.	General Administration.
Police.	Courts of Law.
Medical.	Jails.
	Police.
	Medical.

"In introducing the heads of the Financial Statement with which the Home Department has to deal, there is really little that I have to say except on one or two heads. Under the head 'Police' there is, however, an important item to which I should draw attention, namely, the reorganization in the pay and grading of the Imperial Police. This has recently been sanctioned by the Secretary of State. The new scheme was published recently in the newspapers and I need not explain it in detail. It takes effect from the 1st of January 1919. The bulk of the cost will, I believe, be borne by the Provinces, and I understand that in the current year the great part if not the whole will be met by savings under other heads. I hope that this change will be accepted generally as giving a living wage to men who have deserved very well by the country for many years and have been labouring under a severe strain during the years of the war. If Hon'ble Members will look at paras. 95 and 96 of the explanatory memorandum which is annexed to the Budget, they will see also that the lower ranks of the police have been benefited. Indeed for some years we have been pursuing this policy of doing what is possible to better conditions in the lower ranks of the police. It may interest Hon'ble

Members to know that during the years 1910 to 1917 while the expenditure on the Imperial Police rose by less than five lakhs of rupees, that on the grade of inspector and sub-inspector and the lower grades rose by 75 lakhs. I believe that in many cases this expenditure has been accompanied by a reduction in the numbers.

"Another subject to which I wish to draw the attention of this Council relates to the head 'Jail.' About five years ago, my predecessor announced that it was the intention of Government to constitute a Jail Commission to inquire into the question of jail administration, and see what was needed to bring it up to modern ideas. Unfortunately the war intervened and year after year we have had to abandon this project in which my predecessor and if I may say so I myself have taken a great interest. This year I am glad to be able to say that we propose to undertake this work. The constitution of the Committee has not yet been finally settled, but it is hoped that it will begin its operations within two or three months. It will include, besides the chairman, two Inspectors-General of Prisons, a prison expert of standing from England, two Indian non-official gentlemen and probably one high administrative official. It is intended that the Committee shall assemble in England, if necessary, though I doubt if it will be necessary, visit America and then return to India and make its report here as early as possible. We expect great results from this commission. I am particularly glad that the work has not been delayed any longer, because we have very definite evidence in the administrative reports that reach us of the necessity for considerable modifications in our present system.

"Under the head of 'Law and Justice' there are only two matters to which I should like to draw the attention of Council. The first is the conversion of the Punjab Chief Court into a High Court, which will take effect from the 1st of April next. I believe that this will be a subject for much gratification to many Hon'ble Members here. The other matter connected with law and justice is a permanent increase in the number of civil Courts in the Madras Presidency. We have recommended to the Secretary of State that substantial additions should be made in the number of permanent subordinate Judges and Munsifs at a cost of 1½ lakhs a year. My recollection is that a large number of officers are employed now on a temporary basis, and this is not at all a satisfactory system.

"There is only one other matter to which I need refer at all, and that is the great increase which has taken place in the cost of living generally during the last few years. The purchasing power of the rupee has fallen, and there appears to be little prospect of normal conditions being restored. The significance of this is that salaries both of the superior and inferior services which have hitherto been considered adequate are so no longer, and we constantly have to sanction large sums to improve the emoluments, up to now mainly of lower paid servants of Government. In Bombay, this has been a frequent necessity both in the case of the police and in the case of other services. In some cases the improvements have taken the form of temporary allowances, such as grain compensation and war compensation allowances. In some cases we have made permanent additions to the salaries. The case of the superior services, Imperial and Provincial, is a matter of urgency with which we must deal as soon as possible. In these circumstances, it is right I should warn the Council in regard both to the superior and the inferior services that there is a possibility of the cost of administration rising very considerably."

RESOLUTION *RE* APPOINTMENT OF A MIXED COMMITTEE TO INQUIRE INTO THE ADMINISTRATION OF THE DELHI PROVINCE.

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I beg to move the following Resolution:—

'This Council recommends to the Governor General in Council that the surplus in the Budget Estimate for 1919-20 be reduced by Rs. 10,000 in order to provide for the appointment of a mixed Committee to inquire into the administration of the Delhi Province.'

"The first thing that may probably strike some Hon'ble Members of the Council is why should a person from distant Assam take upon himself to move a Resolution about Delhi. Apart from the fact that every member of the Council is a member of the whole of India, there is no representative of Delhi on the Council, and unless members from outside take up questions about Delhi they will not be placed before the Council at all. This in fact is my apology for bringing the subject forward. Delhi, as the Council are aware, is the Imperial city, the official capital of India, formed part of the late Delhi Division of the Punjab. It was cut off from the Punjab to form the Imperial enclave in 1912 in accordance with the announcement made at the Durbar on the model of Washington. The idea was to keep the Government of India apart from any Provincial Government. The connection of the Government of India with a Provincial Government was characterised in the Durbar Despatch as 'bad for the Government of India and bad for the Provincial Government.'

"I will now respectfully invite the Council to consider how far that idea has been kept in view; to see whether we have not actually drifted far away from that idea, to see whether while the Government of India has come away from Calcutta to avoid connection with the Provincial Government whether a new Provincial Government has not sprung up in its midst, in close proximity to, and in intimate connection with it, a Provincial Government essentially entirely bureaucratic in nature but bereft of the benefits which the people enjoy in the provinces. The province of Delhi, since it must be called a province, is the smallest in size of any province. It is only 64 miles in length and 18 broad and is indeed very small. The income must necessarily be small, it is only 20 lakhs, I believe. But the bureaucratic administration that has gradually been built up is disproportionately top heavy, consisting as it does of a large number of highly paid officials. We have a Chief Commissioner, his Personal Assistant, a Deputy Commissioner, an additional Magistrate, a paid Municipal Secretary and a District Judge; all belonging to or drawing emoluments of the I. C. S. The Deputy Commissioner is a military man. There are two Superintendents of Police with a more than sufficient staff of police, both regular and C. I. D., and quite a host of members of the Punjab Provincial Service. Thus, it is obvious, we have the strongest bureaucracy of any Province in India. Surely this could not have been intended when it was resolved to have an Imperial enclave, isolated from any Provincial Government. If we are to have another Provincial Government intertwined as it were with the Government of India, what is the point in having come away from Calcutta? On the other hand, what have the people got, what benefits have they derived, what privileges have been conferred on the people along with the distinction of being the citizens of the Imperial city? In the first place the highest civic right open to an Indian now, the right of occupying a seat on a Legislative Council, the privilege of being associated with the Ruler in the administration of the province is denied to a citizen of Delhi and has in fact been taken away from him. Though the Members of the Legislative Council possess no real power there is no doubt the privilege such as it is is highly valued. Along with the rights of sitting in the Council is of course the right of electing a representative to the Council. These rights the people of Delhi possessed before. The Delhi Division along with Umballa had the right of electing a member of the Punjab Legislative Council and a well-known and highly respected citizen of Delhi, Rai Bahadur Lala Sultan Singh, was a member of the Punjab Legislative Council. The people of Delhi no longer possess this right. You may say Delhi is too small an area to have a Provincial Legislative Council; it may be so, I have no mind to dispute it at the present moment, but only point out the consequence which has automatically followed from the carving out of the Imperial enclave out of the Punjab. In the next place, though it is the Imperial city and the Imperial Council sits here, Delhi has no right to send a representative to this Imperial Council. Here again you will say there is no constituency in Delhi to be represented on this Council. Here again I say I will not join issue with you beyond referring to the bare fact. It is, however, permissible to call attention in passing to the fact that the Central Provinces had the right of having a representative on this Council before the formation of the Provincial Legislative Council. Thus

the right of ventilating administrative and other grievances in the Council is denied to the people of Delhi, and we from outside have to take upon ourselves the task of bringing up questions about Delhi in this Council. That is my apology for moving this Resolution to-day as I have already said. Thus there being no Legislature to deal with provincial questions, no laws can of course be enacted here. You will inquire how are the laws passed ? I say no laws are passed for Delhi at all. Punjab laws are engrafted on Delhi at the discretion of the administration without the people knowing anything at all, far less being consulted. The next question is that of local self-government. No doubt there is a Municipality in Delhi, the Deputy Commissioner is *ex-officio* Chairman, and half the number of Members is nominated. Apart from this unprogressive constitution of the Board, it has a very limited jurisdiction being confined within the city walls. There are three other bodies called the Notified Area Committees—a rather mystifying name, which are in fact municipalities as regards other portions of Delhi. There is one for the Civil Station, that is the Imperial city, where we are which is under the jurisdiction of one Notified Area Committee which consists of three European officials and a nominated Indian. Thus, Sir, I can say that in Delhi representative institutions are at a very heavy discount. What an anomaly ! A cruel irony of fate !

"Next comes the question of the administration of justice and the Services. The highest Court of Appeal, Civil and Criminal, is the Chief Court of the Punjab, which, as we have just heard from the Hon'ble the Home Member with great satisfaction, is going to be raised to the status of a Chartered High Court from the 1st of April next. Now unlike the High Court at Patna, where the Hon'ble Judges hold circuit Courts in Orissa, which is a part of the province, here there does not seem to be any intention of having any circuit Court in Delhi though it is a different province. Therefore the people of Delhi have always to go to the Punjab Chief Court in appeal cases.

"Then as regards the services, the heads of all departments are in the Punjab. There is no provincial service in Delhi, and these provincial services from the Indian point of view are the most important services which give openings to the educated community, so the educated people in Delhi have no chance of getting any entry into the public services. It is well known, Sir, that if qualified candidates from Delhi apply in the Punjab for service, they are plainly told that they have no *locus standi* because they belong to a different province.

"Next take the question of education. There is no Government College, nor even a University, perhaps no material for a University either. The people of Delhi have got to be content with two seats by nomination on the Senate of the Punjab University out of 80. I understand there are nine colleges under the Punjab University outside Delhi, and there are three colleges in Delhi, therefore proportionately they ought to get at least one-fourth of the total number of seats on the Senate of the Punjab University.

"Then, Sir, there is no Legislative Council, there is no Advisory Board whatsoever of any kind reflecting educated public opinion which could give independent, responsible advice to the administration on public questions. There is thus no means whatever of bringing the pressure of public opinion to bear on the administration, and the Chief Commissioner of Delhi and the Chief Engineer are thus the sole arbiters of Delhi and of the greater Delhi that is in the making. They have left to their own unfettered discretion, to find as best they can what they take to be the public opinion. That means that it is and must always be a matter of personal equation.

"This being the position, there being no healthy check whatsoever which enlightened and independent public opinion everywhere exerts on the administration, it will be a marvel, it would be strange, if what has happened at other places, at other times under similar circumstances would not happen, does not happen and will not happen in Delhi. On the other hand, Sir, there being not the slightest chance of any public opinion exerting any influence over the local administration there are bound to be occasions of executive high-handedness, of improper interference with, of undue indifference to, questions affecting personal liberty, of public right of speech and public right of action, and I can give you, Sir, any number of instances of this kind. But I am afraid

you will call upon me to finish my speech within the time-limit, and I shall therefore quote only a few instances.

" The first point to which I wish to invite the attention of the Council is that in this Imperial city the right of public meetings has been taken away by an order of the Deputy Commissioner purporting to be passed under the Police Act of 1861. Some time in September last orders were passed under section 30 of the Police Act calling upon the conveners of public meetings to obtain licenses from the Superintendent of Police to hold public meetings at any place of public resort specifying the occasion for which such meetings are held, the object for which the meeting is held, and so far as possible the names of the speakers. My submission is, Sir, that these orders are *ultra vires*. I submit that it was never intended by this section to restrict the right to hold public meetings. I shall read the section to the Council. It is this. 'That a District Superintendent or Assistant District Superintendent of Police may, as occasion requires, direct the conduct of all assemblies and processions on the public roads, or in the public streets or thoroughfares, and prescribe the routes by which and the times at which such processions may pass.' I call the attention of the Council to the words 'public roads, public streets or thoroughfares.' Then further it is said in the Act 'he (that is the District Superintendent or Assistant Superintendent of Police) may also, on being satisfied that it is intended by any person or class of persons to convene or collect an assembly, in any such road, street or thoroughfare, or to form a procession which would, in the judgment of the Magistrate of the District, or of the subdivision of a district, if uncontrolled, be likely to cause a breach of the peace, require by general or special notice that the persons convening or collecting such assembly or directing or promoting such procession shall apply for a license.'

" Sir, my submission is that these orders under this section are *ultra vires*. Action under this section could not possibly include a public meeting held at a public place. The section speaks of 'public roads, thoroughfares and streets', and if the Council will bear with me for a moment I shall show how the original section stood. The words originally framed were 'place not being a private house or place of worship.' That is to say, if anybody wanted to convene a meeting or assembly at a place which was not a private house or a place of worship, he had to take a license. The words being found capable of being misunderstood, the Select Committee substituted the words which are now embodied in the section. The words in the section relate only to processions or things of that kind, and it is obvious that it was never intended to restrict the right to hold public meetings in a public place. But in this Imperial city, Sir, action has been taken under this section and public meetings were prohibited, with the result that persons wishing to hold meetings had to hold them in private houses.

" Not only this, but when the Secretary of State came here, Sir, the Local Government prohibited all public meetings in public places. On these orders being passed, Mr. Asaf Ali, a well-known gentleman of the city, in company with the Joint Secretary of the Home Rule League, interviewed the Deputy Commissioner with reference to their application for leave to hold a series of meetings, and Colonel Beadon is reported to have said (I am quoting the *Bombay Chronicle* of the 22nd December, 1917, which, so far as I know, has never been contradicted) :—

> 'The Government do not want any *tamasha* during the Secretary of State's stay. He further regretted the unwisdom of the Government in allowing Mr. Montagu any deputations at all.'

" Sir, even assuming that such an order could be passed, my submission is that such an order ought not to have been passed. I do not think such an order was passed anywhere else during the war. That is how the status of the citizens of Delhi have been raised.

" Then, there is a well-known incident in connection with the *Ramlila* procession of 1917. The Hindus from time immemorial have been celebrating the *Ramlila* during the Dussera festival. It is a religious institution, not a *tamasha* as the Deputy Commissioner described it when disposing of the application for a license. *Ramlila* is celebrated for nine days in the month of

Asauj, corresponding with the month of October. In 1917, it was to take place between the 17th and 26th of October, and the *Mohurrum* procession of *Mendhi* and *tazias*, which the *Shiah* Moslems—to the resentment of the *Sunnis*—celebrate, was fixed to take place on the 24th and 27th of October. It was found that on one of these days it would coincide with the *Ramlila* procession which would end on the 26th. On this day both the processions would have a small part of the route—about half a furlong I am told—in common, namely, that lying between the Ajmer Gate and Barh Shahbala. To avoid any possibility of friction, however remote it might be, some of the leading Hindu and Moslem citizens of Delhi met and by common consent prepared a time sheet for both the processions ; and a deputation of 12 gentlemen, 5 Hindus and 7 Mussalmans, including the two headmen of the *Shiah* community, handed this to the Deputy Commissioner on the 23rd August. No order was then passed. It became known, however, that the Deputy Commissioner on the 15th September called some of the Hindus and told them that it would not do ; they must have a different route, which excepting a small part was uninhabited. The Hindus met and considered the matter and decided that the proposal of the Deputy Commissioner would not suit them. There were also mass meetings of Hindus and Moslems at which thousands of Moslems attended who condemned the Deputy Commissioner's proposal as unnecessary interference with the rights of the people, and held that there was no danger of disturbance if the *Ramlila* and *Mohurrum* processions were to pass by the common route. But the authorities paid no heed to all this and as no written order was passed by the Deputy Commissioner, the *Ramlila* Committee on the 11th of October filed a formal application for a license, and the Deputy Commissioner added insult to injury to the Hindu feelings by the terms of the order he passed. On the 16th of October the *Ramlila* Committee then approached the Chief Commissioner, the Hon'ble Mr. Hailey, who I am pleased to find has taken his seat in the Council again to-day. They got stones in place of the bread they asked for, as he dismissed them summarily with caustic remarks. The result was that no procession was taken out, and as a result of this disregard of Hindu feelings, the Hindu shopkeepers as a protest and to mark their sense of grief, closed their shops for nine days, and the resentment was deepened and everybody was simply bewildered when they saw artillery parading the streets of Delhi and the cavalry being drafted out to keep the peace. Sir, that is how the Imperial city was administered in October 1917. That the action of the authorities was unjustifiable is shown conclusively by the fact that in 1918, under exactly similar conditions, the two processions of *Ramlila* and *Muhurrum* passed on the same route, not on one day as would have happened in 1917, but on two days, and there was not the slightest hitch or disturbance.

" Then, Sir, take another instance in Delhi. There is a Hindu girls' school called the Indraprastha Girls' School. It used to get a subsidy of Rs. 200 a month. There was a lady called Miss Gmeiner as Lady Superintendent in charge of it. She formed a branch of the Home Rule League in Delhi and came and informed the Chief Commissioner of this, and the result was that the Chief Commissioner called upon the School Managing Committee either to part with Miss Gmeiner's services or do without the grant. They would not part with the services of Miss Gmeiner and the grant was withdrawn. Not only that, but privileges due to the students were withheld. The students of Delhi are allowed one day a week to visit the gardens of the Fort and this right was also denied to the students. On this matter I put a number of questions in this Council on the 24th of September 1917 and the questions were practically all admitted, as the Council will see. I will read them out :—

' (*a*) Is there a girls' school in Delhi called the Indraprastha Girls' School established in 1904, and is it a fact that Miss Gmeiner was Lady Superintendent thereof from 1905 and that last year this school with an enrolment of 350 girls was raised to the status of a High School, and that the school was receiving a grant-in-aid of Rs. 200 a month ?

(*b*) Is it a fact that after the opening of a Branch Home Rule League at Delhi, the grant-in-aid has been withdrawn on the ground that the Lady Superintendent, Miss Gmeiner, had joined the League and that she must withdraw either from the school or the League ?

(*c*) Is it a fact that at the same time the payment of the scholarship money which was then overdue was also withheld ?

(*d*) Is it a fact that the said school is the largest girls' school in Delhi and that though all other schools were given one evening in the week to visit the Delhi Fort Gardens, no day was allotted to it?

(*e*) Is it a fact that the Lady Superintendent and the Honorary Secretary of the School Committee gave an assurance to the Chief Commissioner that the Home Rule League is quite apart from the school and that no member of the School Committee nor any person connected with the school besides Miss Gmeiner and an Honorary worker, Miss Priest, had anything whatever to do with the Home Rule League?'

"Then, Sir, the next point is this. Miss Gmeiner opened a Home Rule reading-room and library and what happened in regard to this library will be seen from the question I put the same day, which was admitted by the Hon'ble Home Member:—

(*a*) Is it a fact:—

(*i*) that a reading-room called the Home Rule Reading-room was lately opened at Delhi? and

(*ii*) that the management of the reading-room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits?

(*b*) If so, was any inquiry made about the complaint?"

The Home Member admitted this.

The Hon'ble Mr. Srinivasa Sastri:—"Does the Hon'ble Member mean that the Home Member admitted the question or that he admitted the facts?"

The Hon'ble Sir William Vincent:—"That is what I wish to know too."

The Hon'ble Mr. Kamini Kumar Chanda:—"I will quote the answer."

The Hon'ble the Vice-President:—I would advise the Hon'ble Member not to quote it at great length because he has only $2\frac{1}{2}$ minutes left."

The Hon'ble Mr. Kamini Kumar Chanda:—"The Hon'ble Sir William Vincent replied:—'(*a*) The fact is as stated.' But I need not repeat the answer. I shall refer only to one other matter as an instance of how educated public opinion is flouted by the local authorities. It is in connection with the public procession in honour of the President-elect of the Indian National Congress in December last. The route that was applied for by the Reception Committee is the route that is daily taken by processions without any hitch. There was also another reason why the Reception Committee selected this route. It lay through streets lined on both sides by houses, the owners of which were most of them members of the Reception Committee, and it was their desire that the procession should pass that way. But it was not to the liking or pleasure of the Police Superintendent, who said it would look too much like 'A State Entry—' I quote what I understand were the gentleman's own words—and he prescribed a route which lay through roads where there were no inhabited houses but only railway godowns, the building of a cinema show, and houses occupied by local prostitutes. The Reception Committee were not prepared to accept this route. They then applied to the Deputy Commissioner, and having failed to obtain a favourable decision from him, they approached the officiating Chief Commissioner. This is what the Chief Commissioner replied:—

'Such assemblies and processions are, under sections 30—33 of the Police Act of 1861, entirely subject to the general control of the Magistrate of the District exercised through the District Superintendent of Police. The law does not contemplate any interferences by any superior executive authority with the exercise of the responsibility thus placed upon the District Magistrate.'

The Head of the Province will not look into the matter even though there was an improper exercise of the discretion of the District Magistrate . . .

The Hon'ble the Vice-President:—"I must ask the Hon'ble Member to bring his remarks to a close, as he has been speaking for half an hour already."

The Hon'ble Mr. Kamini Kumar Chanda:—"I will, Sir. These are the grounds on which, I submit, there ought to be an inquiry of the kind my Resolution suggests."

The Hon'ble Mr. W. J. Reid:—"Sir, I come from the same remote Province as the Hon'ble Mover of this Resolution, and we live in the same mofussil town. The Hon'ble Mover is the Chairman of the Municipality that looks after the affairs of that town. He has filled that honourable position for many years and is therefore eminently qualified as a critic in matters municipal. In the course of his speech I understood him to take strong exception to the system under which certain members of the Delhi Municipality are nominated. That system or some modification of it is in force in our own Province, and I hope the Hon'ble Mover's condemnation of it is not universal . . . .

The Hon'ble Mr. Kamini Kumar Chanda:—"Just one word, Sir. What I said was this, that on the Delhi Municipality half the members are nominated, which makes it a most unprogressive body. In our Municipality only one-third of the members are nominated."

The Hon'ble Mr. W. J. Reid:—"I said, Sir, that in Assam the system in a modified form is in force. That is not the point which I wished to make. The Hon'ble Member himself is at the present moment a Municipal Commissioner by the way of nomination. When the last elections were held an ungrateful constituency refused to elect him as their Ward Commissioner. I regarded this as a public calamity because the Hon'ble Member had for many years been an admirable Chairman of the Municipality and persuaded him to accept a nomination, which he did. I would only suggest, Sir, that a system which has done so well for the people of Silchar cannot be an entirely bad system."

The Hon'ble Khan Bahadur Mian Muhammad Shafi:—"Sir, I have no desire to intervene in this combat between the champion of Delhi and whoever is going to champion the cause of the Government in this matter. But there is one error—and to my mind a very grave error—in the figures and in the claim based on those figures, which, on behalf of the rest of the Punjab, it is my duty to invite the attention of this Hon'ble Council to. My learned and Hon'ble friend claimed that there being three colleges in Delhi, Delhi was entitled to 25 per cent. of the seats on the Senate of the Punjab University. According to him there are only nine colleges outside Delhi. I find on a very hasty calculation of the number of colleges in our Province that there are altogether twenty-one colleges in the Punjab. That is to say, the colleges at Delhi number only one-seventh of the total number of colleges in the whole province. If the Government were to distribute the seats on the Senate of the University only between the towns which happened to possess colleges in proportion to the number of colleges which those towns do possess, I do not know how the educational interests of the rest of the Province could find representation on the Senate of the University. For if this principle were to be adopted, there are eight colleges in Lahore and Lahore ought to have 8 by 21 of the total number of seats on the Senate of the University; and similarly the other towns, whether they have two or whether they have three or whether they have one, college, ought to have proportional representation on that principle, and the rest of the entire population of the Punjab and its educational interests, according to the principle, ought to go entirely unrepresented. That is the fallacy of my Hon'ble friend in regard to this particular matter which I want to point out to this Council. I am not concerned in the combat itself between the Delhi town and the Delhi Government. That is a matter which I have no doubt the champions on the two sides will fight out among themselves."

The Hon'ble Sir William Vincent:—"Sir, the Hon'ble Member began with an apology for putting himself forward as a champion for Delhi. If I may say so, no apology was needed. Delhi is indeed to be congratulated on having secured so eloquent an advocate of its cause. It is moreover correct that there is no direct representation of the Province of Delhi on this Council, and having regard to the limited number of members, I think Hon'ble Members will admit that any such representation is impossible. At the same time, when any public question is agitated in the Province, I have always found that there were numbers of non-official Members ready to take it up and make representations about it to this Council; and I do not think that it can be said that the pressure of public opinion in the city of Delhi is not felt as much as it is elsewhere. In any case, I submit that there is scarcely any room for an inquiry by a Committee into this question of representation, because we know that in the Report on Reforms recently prepared by His Excellency the Viceroy and the Secretary of State, provision has been made for the representation of Delhi; and Lord Southborough's Committee—on which I believe some Hon'ble Members here also served—has no doubt considered that question in connection with the franchise for the Legislative Assembly, I mention this as indicating the absence of any need for a separate Committee to inquire into a matter which has already been fully investigated. As a matter of fact, the population of Delhi being what it is, I think the Hon'ble Member would himself admit that there is no reason why it should be represented in this Council at present. Nor can it be maintained that being outside the Punjab it is entitled to any representation in the Punjab Council. It is an unfortunate position, but as I explained it will possibly be rectified—or at any rate, it has been fully inquired into recently.

"The Hon'ble Member complained of the laws that were in force in Delhi. Sir, I speak merely from memory, but I believe most of the laws that are in force in this province are those which have come down from the time when Delhi formed part of the Punjab, and had a representative in the Punjab Council, or are laws which would have applied to it whether this Province had remained inside or outside the Punjab. I may be wrong: as I said, I am speaking from memory; but I think this statement is correct as to most of the laws.

"The Hon'ble Mr. Chanda then made references to the question of municipal administration, on which he suggested an inquiry was needed. This is a matter really for my Hon'ble colleague on my left (Sir Sankaran Nair) to deal with, and I should be hardly justified in touching on it except to suggest to the Council that it is unnecessary to discuss the appointment of a Committee of inquiry to investigate a matter of this kind before other and simpler methods of dealing with it have been tried. I am quite sure my Hon'ble colleague will be the first to pay attention to any representation that may be made to him in the matter. Then I am told that another reason for an inquiry is that there is no circuit Court of the Chief Court or High Court at Delhi. Sir, if any complaints had been made to the Home Department on this matter, they would have been inquired into. To the best of my knowledge no such complaints have been made. There is a circuit Court in Cuttack, in the province of Bihar and Orissa, but there are those who doubt if it is really a great benefit, and if there are advantages there are also certainly corresponding disadvantages, as I think some of those who come from that province will admit. In the absence, however, of any express request by responsible people in Delhi for a circuit Court here I urge that no case for the appointment of a Committee to inquire into this matter has been made out. May I remind Hon'ble Members in this connection that we have recently had rather a surfeit of these reports. We have reports of Committees on industries, a report of a Committee on legislation, which is now pending before this Council, a report on reforms which gave us a good deal of work, and we are now threatened with a report on University education which is likely, I believe, to run to 2,000 pages. I think that the Hon'ble Member would scarcely wish to add to the number of reports of that kind.

"There is another reason why no inquiry by a Committee is necessary into the administrative matters to which he refers. I listened with some care to the complaints that have been made of the administration of Delhi. Let me begin with that regarding public meetings. The order referred to was made in

October, 1917, that is about 18 months ago, and I do not know even if it is in force now. I am quite prepared to have inquiries made as to whether that order is in force, or as to whether any necessity exists for keeping it in force; but had there been any real cause for inquiry, I submit to the Council that it is reasonable to suppose that we should have heard of it sometime earlier than 18 months after the order, and that it is unnecessary now to have an inquiry into so old a matter. At the same time I am quite prepared to have the question which the Hon'ble Member has raised examined.

"Similarly, with the *Ramlila* procession of 1917. That is, I believe, a matter also about a year and a half old. Am I correct in that?"

The Hon'ble Mr. Kamini Kumar Chanda:—"Yes, that is so."

The Hon'ble Sir William Vincent:—"Yes, October, 1917. I should have thought that if there had been any real police or executive *zoolum* the Hon'ble Member or somebody else—Delhi is never lacking in persons ready to take up these questions—would have brought forward a Resolution in this Council dealing with the matter at the time, in which case we should have had a full debate on the question, and I should have been in a position to answer it . . . .

The Hon'ble Mr. Kamini Kumar Chanda:—"There was no Council sitting at that time; it was in October."

The Hon'ble Sir William Vincent:—"I will ask the Hon'ble Member to remember that there was a Council sitting in January and at that time . . . .

The Hon'ble the Vice-President:—"I think the Hon'ble Member means that it takes a long time for news to get from here to Assam."

The Hon'ble Sir William Vincent:—"The Council met in January, and if the Hon'ble Member had wished he could have brought it up then . . . .

The Hon'ble Mr. Kamini Kumar Chanda:—"6th February was the first meeting."

The Hon'ble Sir William Vincent:—"It is very difficult to speak if I am subjected to constant interruptions. But I still submit that there was ample time in the cold weather Sessions last year in which the Hon'ble Member could with ease, as was done by the Hon'ble Mr. Banerjea, put a question or have brought this matter to the notice of Council by means of a Resolution. We had a full report on it at the time and the information we received was that on a previous occasion the *Ramlila* and the *Muharrum* festivals had clashed with the result that there was a very serious riot, details of which are recorded. In consequence of that it was decided that no procession should pass through the Chandni Chowk in subsequent years.

"In 1915, a meeting was held of leading Hindus, Muhammadans, Sikhs and Bengalis, and after protracted discussions and adjournment of the matter for a month, the approved scheme of routes, as agreed on at the second meeting, was embodied in an order issued by District Magistrate which was communicated to all the parties. The revised scheme provided that no Hindu procession should pass either the Jumma Masjid or the Fatehpuri Mosque, but as a compensation the Hindus obtained a much more suitable and lucrative route, namely, through the Chandi Chowk and Egerton Road. This arrangement was intended to hold good for normal years, but the District Magistrate recorded that the general sense of the meeting was that if in future years the dates of the *Muharrum* and the *Ramlila* were to clash, the latter might suitably proceed, *viâ* the Dariba, the Chandi Chowk, the Queen's Garden and Dufferin Bridge to the Tis Hazari Maidan. Well, in

1917, the dates of these two processions did clash. Meetings were held, every possible attempt was made to arrive at a satisfactory understanding, and in the end Colonel Beadon, the Deputy Commissioner, gave the *Ramlila* Committee a choice of two courses, namely, either to celebrate the festival throughout on the alternative route described above, *i.e.*, ending up on the Tis Hazari Maidan, or to maintain the old route ending up at the Shaji tank. There were detailed inquiries into the matter, and the local authorities did the best they could to meet the wishes of all concerned. I submit it would be idle after 18 months to start an inquiry into a thing of that kind.

"The other matter to which the Hon'ble Member referred, I think, was in connection with the Home Rule League Reading Room at Delhi. The facts are that a question to which Mr. Chanda has referred was asked in this Council and I read it and the answer.

Question—

(*a*) 'Is it a fact—

(*i*) that a reading room called the Home Rule Reading Room was lately opened at Delhi, and

(*ii*) that the management of the reading room complained of harassment at the hands of the Criminal Investigation Department, not only by crowding the room but making it a rule to follow and harass visitors so as to make them discontinue their visits?

(*b*) If so, was any inquiry made about the complaint?'

Reply—

'(*a*) (*i*) The fact is as stated.

(*a*) (*ii*) *and* (*b*) The management have made no complaint either to the Chief Commissioner or to other local authorities of harassment by the Criminal Investigation Department.'

I think perhaps it would have been a little fairer if he had read the answer in full."

The Hon'ble Mr. Kamini Kumar Chanda :—"I am sorry."

The Hon'ble Sir William Vincent :—"I am glad to hear the Hon'ble Member say so. As no complaint was made at the time it is a little unreasonable to expect that an inquiry should be made now. As to the complaints about the last Congress I am informed that large public processions are not allowed to pass a particular mosque—I am not very distinct about the point—I think it is called the Fatehpuri Mosque, as there is always a fear of a breach of the peace there. The District Magistrate went out of his way however to arrange another route for the processions through Queen's Road, through Chandni Chowk by the clock tower and past the Congress Pandal. Everything that was reasonable was indeed done. I submit, Sir, that no case has been made out for an elaborate inquiry into matters of this kind many of which are now dead matters."

The Hon'ble Mr. H. Sharp :—"Sir, the Hon'ble the Home Member said that the questions of municipal administration in Delhi were a matter for the Education Department. I do not stand here as a champion of nomination. In May of last year the Government of India issued a Resolution dealing with this and other matters of local self-government. That Resolution made clear the attitude of the Government of India towards nominated members in municipalities. Mr. Reid has made clear what Mr. Chanda's attitude is.

"I confess I shudder to plunge into these local matters and to enter into competition with the Hon'ble Mr. Chanda after the fascinating glimpse which he afforded us on Saturday afternoon into the *penetralia* of provincial administration. But it is necessary for me to point out that the facts on which Mr. Chanda has based some of his statements appear to be incorrect, or at least out-of-date.

"I understood Mr. Chanda to say that in the Municipal Committee of Delhi half the members were nominated and that the Notified Area Committee consisted of three European officials and one nominated Indian.

"As regards the Municipal Committee, the fact is that the number of elected members equals the number of *ex-officio* and nominated members taken together on paper. But this is only on paper. For recently two among the nominated members have been nominated at the instance of local associations, so that to-day there are really six nominated against thirteen elected members. Furthermore, my friend, Mr. Hailey, here tells me that some time ago he informed the Municipal Committee that he was quite ready to see a substantial diminution of the number of nominated members.

"I do not think that it is necessary for me to labour the matter further in respect to the Notified Area Committee. The Notified Area is an exceptional and temporary arrangement. But here also the constitution of the Committee is not such as Mr. Chanda has told us. I need not weary the Council with giving them any details. But the information which lies before me shows that its constitution is considerably more liberal than he has represented.

"I am sorry to have had to trouble the Council with these matters of fact. But I feel that I cannot quite close my remarks without some allusion to what Mr. Chanda said regarding education, although the Hon'ble Mr. Shafi has in reality sufficiently answered him. I think it can hardly be said that Delhi is so ill-equipped in the matter of educational institutions. After all it has three colleges. Mr. Chanda found fault because there was no Government college. I can assure the Council that both the Local Administration and the Government of India have kept in view the question of a Government college. Speaking for myself, I trust that Delhi will soon be so important an educational centre as to have its own University. Nor do I think that that time need be so very far distant. I submit that the educational progress of a place should be judged not by its representation on bodies but by its institutions. I understand that Delhi is as a matter of fact not unreasonably represented upon the Punjab University. But its progress must be gauged by the number of its institutions, their equipment and above all by their efficiency."

The Hon'ble Mr. Kamini Kumar Chanda:—"Sir, I am grateful to the Hon'ble the Home Member for the sympathetic reply which he has given. Of course, I may say at once that I do not seriously press for a Committee. My submission is that this is the Imperial city, but that there is no direct control by the Government of India, and that we should have things better than they are. Things should be such that the people would take pride in the affairs of the city. It is unfortunate that an impression has been created that there is a lack of public spirit. My object in bringing forward this Resolution was to get Government to consider this matter and to agree that the status of the citizens should not be inferior to that of other places; that as I said they should take a pride in being citizens of the Imperial city. I am grateful to the Hon'ble Mr. Shafi and to the Hon'ble Mr. Sharp for pointing out my mistakes. Being an outsider I cannot possibly have an intimate knowledge of the affairs of Delhi. If I have been misinformed and any mistakes have been made I accept the corrections. As regards the *Ramlila* procession I may say that the Hon'ble the Home Member has not met the charge that I made against the Local Administration. Though there might be friction between the two communities, I say the answer to this is conclusive that in the following year under the same conditions and under similar circumstances both the processions passed over the same route without any friction or trouble whatever, and Government was satisfied. Then twelve of the leading gentlemen of this city, five prominent Hindus and seven Muhammadans decided on a common course of action and approached the Deputy Commissioner. Why did not the Local Government accept it? That is with regard to the correction which my Hon'ble friend on my right thought fit to make. Sir, it is rather unfortunate that such a local matter as this should be introduced into the Imperial Legislative Council. What happened is this: two years ago during my absence from Silchar . .

The Hon'ble Sir William Vincent :—" May I rise to a point of order ? The reasons for the Hon'ble Member's defeat in a municipal election in Assam do not seem to me to be relevant to this discussion ? "

The Hon'ble the Vice-President :—" I would ask the Hon'ble Member to confine his remarks to the question before the Council."

The Hon'ble Mr. Kamini Kumar Chanda:—" Well, Sir, under these circumstances I have no mind to press the Resolution, but I do hope that the appeal which I have made to the Council will be taken into consideration, and that the reforms which I have suggested will be carried out, so that the people of this city may really feel proud of being citizens of this Imperial city of Delhi. With these words I ask leave to withdraw my Resolution."

The Resolution was, by leave of the Council, withdrawn.

FINANCIAL STATEMENT, 1919-20.

The Hon'ble Sir James Meston :—" Sir, I beg to introduce the following heads of the Financial Statement for 1919-20 :—

Revenue.	*Expenditure.*
Opium.	Refunds.
Interest.	Opium.
Mint.	Stamps.
Receipts in aid of superannuation.	Income Tax.
Exchange.	Interest on obligations other than the Public Debt.
Miscellaneous.	Mint.
	Civil Furlough and Absentee Allowances.
	Superannuation Allowances and Pensions.
	Exchange.
	Miscellaneous.
	Reduction or Avoidance of Debt.

" The subjects under the direct control of the Finance Department are enumerated above and the statistical and administrative facts regarding them are set forth with sufficient fulness in the Financial Statement and in Mr. Howard's memorandum. All that I would ask your permission to do is to place on record a word or two about the war services of the Finance Department, a department which is not ordinarily associated in the popular mind with martial activities. The contributors to our war efforts which take the place of honour in this list are undoubtedly His Majesty's Mints in Bombay and Calcutta and the Mint at Hyderabad. During all the time that munitions were being made in India, those mints took a very active part in their construction. They did work which it was particularly difficult to get done elsewhere, being of a very highly technical type, particularly the manufacture of gauges for testing the output of workshops engaged in the preparation of shells. They also prepared copper bands and they were very active in the construction, especially in Bombay, of motor ambulances. They undertook all this work at a time of the greatest possible strain during their very scanty leisure with depleted staff, and it is difficult to praise too highly the uncompromising zeal with which they threw themselves into this patriotic work. I did not find the staff of the Mints mentioned in the Despatches which covered so many other war workers. It seems to me that this fact is symptomatic of their work. They did their work cheerfully, zealously and unostentatiously and gave their best with no expectation of reward.

"Turning to the Indian Finance Department proper, I might mention that it possesses a cadre of 166 officers and 5,000 men. Out of these, the Department has spared, and spared very cheerfully, 51 officers and about 900 men, of whom a considerable number were on purely military duty. Three of our officers, Mr. Graham, who was well known as Accountant-General, and Mr. Sykes and Mr. Slacke, have been killed in action and a number of clerks met death whilst on active service.

"Four officers have been awarded distinctions for war services, the honours including a D.S.O. and a M.C. and three officers and four Accountants have been mentioned in Despatches.

"The majority of the officers deputed have of course undertaken financial, audit and account duties and other work of a clerical type, but nevertheless have done very valuable service of its kind. Thus at the present time officers of the department are holding the important posts of Controller of War Accounts, India, Financial Adviser to the General Officer Commanding, Mesopotamian Expeditionary Forces, and Financial Adviser to the South Persia Rifles and several of the departmental Accounts officers in Mesopotamia, for instance, the Railway and Irrigation Departments, are members of this Department.

"Our men have also shown a versatility which perhaps was not expected from them. We have had representatives in the Infantry, Cavalry, Gunners, Royal Engineers, the Supply and Transport, and Flying Corps and on every front. In England, we have had officers working in the Admiralty, the office of the Controller of Merchant Shipping, the Ministry of Munitions, the War Office, and the India Office. One officer has been an Assistant Provost Marshal. In Mesopotamia the Director of the Blockade, Mesopotamian Expeditionary Force, was a former member of the Indian Finance Department, while other officers have worked in Local Resources and in Food Control.

"The release of so large a number of the officers and men has thrown a very great amount of extra work on to the shoulders of those who have been left behind, and I am glad, Sir, of this opportunity of testifying to the fact that this burden has been willingly and cheerfully borne by the men who stayed in India."

RESOLUTION *RE* ORGANIZATION AND DEVELOPMENT OF THE BANKING SYSTEM OF THE COUNTRY.

The Hon'ble Rao Bahadur B. N. Sarma:—"Sir, I beg to move the following Resolution :—

'This Council recommends to the Governor General in Council that the expenditure under Miscellaneous 32 be increased by (*a*) Rs. 10,000 to meet the cost of a Committee to recommend the measures needed for organizing and developing the banking system of the country, (*b*) by Rs. 30,000 towards the cost of a Committee to inquire into and report on the civil expenditure of the country during the last five years and recommend measures for the retrenchment of the annual expenditure.'

"Sir, we have been sitting rather late, and I do not propose to go at any considerable length into the merits of this Resolution, which is of extreme importance, and I think that the Resolution is the least controversial of all the Resolutions that have so far been moved, and I hope therefore the Government will be able to meet me by accepting this.

"With regard to the first part of it in which I ask that a Committee should be appointed to recommend the measures needed for organizing and developing the banking system of this country, I do not think that there is much need for any arguments in support of this branch of my Resolution. The Government have very sympathetically answered my questions on this subject during the last two years and have in a way promised that as soon as the war conditions permit or as soon as the war is over, they would take it up and do what

they can in respect of it. I shall now merely read the recommendations of two very responsible Commissions in support of my position, and I do not think anything more need be said. The Chamberlain Commission which reported on the 24th February, 1914, state on page 56 of their Report :—

'We are not yet in a position to report either for or against the establishment of a State or Central Bank, but we regard the subject as one which deserves early and careful consideration and suggest the appointment of a small expert Committee to examine the whole question in India either to pronounce against the proposals or to work out in full detail a concrete scheme capable of immediate adoption.'

"Nothing could be done, I believe, by the Government of India because war broke out in August, 1914, within six months of the signing of this Report, and it was felt, and perhaps rightly, that the experience gained during the war might be utilised in formulating proposals that might be suitable to the conditions of India after the war is over. I may point out, Sir, that various Committees have been sitting even during the war to see what can be done in the way of developing, organizing and improving the resources of various countries, both in the United Kingdom and elsewhere, and I therefore hope, now that the Government of India will have some respite after sending Home the Reforms Committee's Report, this question may be taken up.

"The Chamberlain Commission have clearly suggested the appointment of a Committee, and I need not therefore lay any further emphasis on this point.

"Then I allude next to the recommendations of the Industrial Commission's Report at pages 179 and 182. They say :—

'We consider that the establishment of industrial banks working on approved lines is of sufficient national importance to justify Government assistance ; but we do not feel that we have sufficient material before us to enable us to formulate a definite scheme for industrial banks, whether of Provincial or Imperial scope. We ask, therefore, for the appointment at the earliest possible date of an expert Committee to consider what additional banking facilities are necessary for the initial and for the current finance of industries ; what form of Government assistance or control will be required to ensure their extension on sound lines as widely as possible throughout the country ; and whether they should be of Provincial or of Imperial scope, or whether both these forms might not be combined in a group of institutions working together.'

Therefore the Industrial Commission also recommend the appointment of a Committee to go into this question thoroughly at the earliest possible date. I may submit, Sir, that the experience of the Government during the last two years in connection with the war loans shows clearly what India can do under proper organisation and with Government co-operation. There is no gainsaying the fact that the people of India are at present shy in investing capital in large commercial concerns, but that they have very great faith and credit in Government institutions. I need not elaborate the point, and I therefore submit that any interest the Government may take in banking would be of considerable use in bringing forward capital to assist the industrial concerns that happen to be started. I think it must be admitted that there is enough capital of a kind, if only the people would use it, in this country to run their industries without much extraneous help. There is no use disguising the fact that the people of this country will have to change their habits considerably if they are to be industrially forward. I find from statistics that from £200 (two hundred) to £300 (three hundred) million worth of gold have been imported into this country and about Rs. 400 crores worth of silver has also been imported for various purposes, coinage, etc., and there is not in England as much gold and silver as there is here, though their fluid resources are incomparably superior. In point of land, in point of our water power, in point of human power, in point of everything that goes to constitute the credit of a country and the wealth of a country we are not backward, but we have to learn proper methods and organised banking will be one of the principal methods by which the people can be taught to utilise their resources and make them liquid. It is therefore, Sir, of the highest importance that this question should be taken up at the earliest possible date. I fear that what I have asked for is too little and not too much for the purposes we have at heart, and I have not the

slightest objection if the Finance Member will see his way to give us more money than that. All I ask for is that a Committee may be appointed ; the question of money is of secondary importance.

"Coming to the second part of my Resolution, I would submit here that this is no reflection whatsoever upon the Government. This proposal should not be considered as hostile to the Government when I ask that there should be a Committee appointed to consider the question of the expenditure of India. This is a matter that every responsible Government provides for automatically. We know that in France and other countries they have Committees sitting to inquire into this question year after year, and we know that during the war various Committees were appointed in England to suggest methods and help the Government with proposals as to how Government expenditure should be curtailed. I need not take the Council into many figures to convince them that during the last few years the expenditure (I shall omit the military expenditure) has been so great that it demands some outside body to help the Government with suggestions and suggestions in favour of retrenchment. I would only ask the Council to remember this, that between 1902 and 1913, while the total expenditure of India rose from £62 millions to £82 millions, that is, by about £20 millions in a period of ten to eleven years, during the last five years our expenditure has grown from £82 to £123 millions, or an increase of £41 millions, or about 60 crores of rupees. So in five years we have increased the expenditure by Rs. 60 crores, whereas during the previous period of ten years it was increased by £20 millions. I recognise that of this increase of 60 crores about £20 millions is under the Army head. But even deducting that, we have got about £20 millions expenditure within five years under civil, as against £20 millions during previous ten to eleven years. I recognise also that during the last five years grants have been made for education, etc., and the Imperial expenditure would come to about $5\frac{1}{2}$ crores. Even deducting this expenditure under heads which are approved by everybody, there is still an expenditure of £$16\frac{1}{2}$ millions during these five years as against 18 or 17 during the last ten years. I need not take the Council into detail after detail under direct demands of revenue, under salaries and expenses, under miscellaneous expenditure ; in almost every department there has been enormous growth. Of course most of this growth may be on inquiry found to be suitable and expenditure which cannot be avoided. In a short speech it is impossible to indicate in what particular directions expenditure should be curtailed. The Hon'ble Members will see, if they go through the pages of the civil estimates the enormous sums spent on travelling expenses, and one sometimes fails to see how it is necessary for administrative purposes to transfer officers so frequently and to such distant places. We see it in the provinces as well as in the Government of India, and I think a Committee will be able to suggest various improvements in that direction. If we go into the matter in detail we shall be able to find expenditure under each head, part of which may be necessary, but part of which would be and could be cut down. But enough has been said by me without entering in the slightest degree into any hostile criticism to indicate that it should be highly beneficial to the Government as well as to the public that this question should be gone into by a Committee whose report would be of considerable assistance in reassuring the public mind that the expenditure is on healthy and sound lines. With these words, Sir, I recommend the proposition to the acceptance of the Council."

The Hon'ble Sir Dinshaw Wacha :—" Sir, I should like to say a few words as far as the recommendation of a Committee for considering the question of a Central State Bank is concerned. The Chamberlain Commission did, of course, conditionally recommend such a bank, and, I believe, it will be for the Government of India in the Finance Department to see in future how a Central State Bank can be practically established. Opinions have widely differed on that subject; different Chambers of Commerce have entertained different views and the general difference is this, whether the three Presidency Banks should be amalgamated as suggested into one Central State Bank. I think the question was mooted and a good deal of discussion took place on the subject, but the result was that, as far as possible, the three Presidency Banks

should be allowed to remain where they are. But how far a separate State Bank, apart from the Presidency Banks, a bank which might in its fundamental constitution approach as near as possible the Bank of England, might be established is, of course, a question for serious consideration by the Government and the Finance Department. I do not know whether this Council will act wisely in asking Government to appoint a Committee on this subject. As far as the private banking institutions are concerned, I do not see what would be the use of a Committee for this purpose. Everybody in India is fully alive to the fact that more extensive banking facilities are necessary and to the necessity of an organisation to promote the object. There is no speciality about it; it requires that the people should be taught how banking organisations could be established in each province. The only thing required is that the people themselves should have sufficient enterprise and enlightened self-interest to embark on such organisations for extensive industrial development. Self-help must be greatly stimulated. Nothing more than that is essential. However, if the Council is anxious that the Hon'ble Mr. Sarma's proposition, which is quite an academical one, may be put into effect, I have not the slightest objection. As far as civil charges are concerned, Members of Council may recollect that in this place I did bring forward this matter first to the notice of the Finance Minister who is now gone—Sir William Meyer. What I did say was this: that the net expenditure, wholly apart from the Army charges, was increasing, and that it was increasing in a larger ratio than that of net revenue. Let us put it in this way, that there is a net revenue showing in ten years a growth of only 10 per cent., while the net expenditure for the same period shows a growth of 13 per cent. Now, that is a state of finance which I do not consider to be very sound; because under those circumstances, the net expenditure would outrun the net revenue. That is my point; and I will relate to you where the fallacy lies. If the railway surplus, which now averages somewhere about 8 or 9 millions, is separated from the ordinary revenue accounts, it will be easily found that the ordinary revenue does not suffice for our expenditure. Our expenditure has increased enormously in the last ten years. If you would look into the figures of net revenue and expenditure, say, for the decade ending 1917 and if you would deduct the railway surplus from the net revenue, you will find that instead of having these large surpluses that have been shown in the past Financial Statements, there have been actual deficits. I went into the figures carefully some time ago and I am now speaking from memory; but it is a fact that in only two years during the ten years ending 1917 was there a surplus, apart from the railway surplus; that is to say, in the other years the revenue was a great deal less excluding the railway surplus to suffice to meet the increased expenditure. The other years really closed with a deficit which was concealed because of the inclusion of the railway surplus in the revenue accounts. That, I say, is not a state of things which ought to be allowed. It is financially unsound and now that the Hon'ble Sir James Meston has come and the war is over, I think it would be a very good thing if this part of the administration of civil expenditure was thoroughly overhauled. What I mean to say is this that expenditure under different heads, such as education, sanitation, police, law, etc., might be necessary; but the question is this, whether a Finance Minister should allow it or sit tight on the spending departments and say 'No, my revenues will not allow it and therefore I shall not allow larger expenditure; I will not allow my net revenue to be outrun by my net expenditure.' That is a point on which, I think, an experienced Finance Minister of the ability and acumen of the Hon'ble Sir James Meston can do more than any Committee of experts. More I need not say. There is, I admit, something in the contention of the Hon'ble Mr. Sarma that a Committee or some kind of inquiry is necessary for the purpose of investigating how far the civil charges have outgrown the revenue; but I am of conviction such a Committee cannot do any good. The question is one of practical finance. The Finance Minister ought never to allow the net expenditure to outrun the net revenue. That is my point."

The Hon'ble Mr. H. F. Howard:—"Sir, the Hon'ble Mr. Sarma's Resolution deals with two quite different matters, as he recognises, the common link being the studied moderation with which he has pitched the cost of them, as if he were to say, 'Let me have but a little'. Now, Government are very

anxious to do what they can and they sympathise entirely with his object. As regards the question of banking, everybody of course—as the Hon'ble Sir Dinshaw Wacha says—realises the necessity and importance of banking development in this country. In fact the Hon'ble the Finance Member specifically referred to the importance of that question in his Statement where he said that any development in other ways, in the way of checking hoarding and in the way of a saner currency policy, must go hand in hand with the development of banking. It was a great disappointment to the Government five or six years ago when the Swadeshi banking movement, which seemed from all the outward signs to be set on a fair course, came to such horrible grief. So far as I can recollect, the smash commenced with the People's Bank in the Punjab with no less than 70 branches or so and a crore or more of deposits; but when that went down the road it was followed by the collapse of many others, including various mushroom institutions. Apart from the smaller institutions there were the Credit Bank in Bombay and a larger bank, the Indian Specie Bank. Sir, the collapse of those banks taught us one very important lesson, and that is, for banking development you must have sane and sound and trained bankers. It is the same question as that of the trained teachers, who are so necessary for real educational development. The present position is not without its hopeful signs that we are getting to be better off than we were before in this respect. We have seen the large industrial Bank of Messrs. Tata's started in Bombay which has been mostly, if not entirely, floated on Indian capital. And we have in Bombay on smaller lines a very successful little bank, the Central Bank, which has weathered all these storms, owing largely, I believe, to the great efficiency and commonsense and knowledge of its manager, Mr. Pochkhanawala. Mr. Pochkhanawala has had great difficulties to contend with, both in the waves of panic which at different times have swept over Bombay as the result of War conditions, and I believe even as the result of spiteful personal attacks made upon him. But I understand his bank stands stronger than it did before. We have again Sir Robert Aitken in the Bank of Bombay, who has been introducing, I understand, the policy of employing Indians to an increasing extent in his Bank and its branches. Well, Sir, every little helps and we hope that all these signs show that something is being done, not by Government, but by a more or less spontaneous process, which is of far more value than anything that Government can do.

"At the same time Government recognise that there are these large problems to which the Hon'ble Mr. Sarma has drawn attention. There is the question of general banking, which is bound up with the Chamberlain Commission's recommendations, and there are those perhaps no less important side lines, the question of industrial banking, in connection with which the Hon'ble Sir Thomas Holland's Committee has recommended the appointment of a small expert Committee, and there are other branches also. I need not run through them all; but perhaps one of the most important of them is the co-operative banking movement. Many of those interested in this movement have emphasized the importance of considering how far the Government should take a hand in supporting the central finance of the movement. Sir, it is impossible to say at this stage how far these various inquiries will ramify into one another; but Government are ready to agree, as far as industrial banking goes, that a Committee should be appointed. Its composition has not yet been considered, and that will have to be carefully thought out: it was proposed that it should be an expert Committee. The Government are quite ready to make such grant as may be necessary for that purpose. The amount proposed by the Hon'ble Mr. Sarma is so small that I am not quite certain whether it is necessary to include the particular sum mentioned by him in the Budget, but if he wishes us to do so I think, Sir, we can agree.

"The second portion of the Hon'ble Member's Resolution relates to a very much wider sphere. Here again, Sir, the question is one in which Government have definitely declared what their policy is. The Hon'ble Member's suggestion in this matter is also not a new one. There have been many of these recommendations for commissions to examine expenditure and to recommend measures for retrenchment. So far as I know, the last occasion

on which a definite motion to this effect was before the Council was that moved by the late Mr. Gokhale in 1911. He was given on that occasion a very sympathetic reply by Sir Guy Fleetwood Wilson and he withdrew his motion. Later on, however, Government had an officer placed on special duty and compiled a lengthy report containing a very detailed examination of the growth of public expenditure in India over a period of ten years. I know this to my cost as I was officiating in the Finance Department as Secretary, and this took me many hours a day for many weeks if not for several months. It was duly presented to Parliament and, I believe, it has thereafter reposed in the libraries; but nobody has shown any interest in it. That is apt to be the fate of all inquiries into public expenditure. Their results, however good the intentions with which they are started, are almost invariably infructuous. What usually happens on these occasions is that the factors responsible for the growth of expenditure are very well known from the outset. Take the factors on the present occasion. I will not take the Hon'ble Mr. Sarma's years, as the fact of the growth is admitted, but the two years quoted by one or two other Hon'ble Members the other day—the accounts for 1917-18 and our Budget estimate for next year. The figures mentioned by the Hon'ble Members in question were those for the growth under 'Salaries and expenses of Civil Departments', the growth being from £20·8 millions to £24·3 millions, or an increase of approximately £3½ millions in two years. Well, Sir, the main causes of that increase are two. The greater portion of the increase is due to expenditure on the beneficent services. Education accounts for £1½ millions; Medical Services £350,000; Sanitation £350,000; Agriculture £300,000, and the Scientific Services £100,000; or say £2,600,000 in round figures. The net balance of the increase (I say 'net' because there was an increase under some heads and a decrease under others) is due to the large increases in the salaries which it has unfortunately been necessary to sanction—I say unfortunately not because they are not deserved but because they were necessitated by the very high level of prices with which we are now faced. 'Police' is the largest item; under the head 'Police' there is an increase of £700,000. But an increase appears under practically all the heads. The facts are well known, and I do not think that Hon'ble Members would urge that we should not pay our servants a living wage; in fact we have heard Hon'ble Members sympathise with these services—for example Mr. Banerjea came to us the other day and said 'what about such and such a department? They are suffering great hardship.' That is just where it is. On the one side the Finance Department is asked to control this expenditure and on the other side we are accused by our own officers of not paying them a living wage. My only point in saying this is that the facts are very well known.

"Further, even assuming that at some time it may be desirable to appoint a Committee for the purpose of inquiring into the growth of expenditure, I submit that this is not the time. The five years in the immediate past which we are asked to examine are years entirely of abnormal expenditure due to the war, and an inquiry into expenditure of abnormal character can produce no useful result. As to the future we are on the eve of the introduction of the reforms scheme and we may expect to see very shortly an entirely different line of demarcation as between Imperial and Provincial expenditure and resources. If a Committee set about these inquiries now they would have to travel all over India, and it would be many years before they could hope to get to the bottom of even a small portion of the items which are covered by the Resolution. I submit it would serve no useful purpose whatever in anticipation of the separation of our finances which is contemplated to appoint any such Committee to hold an exhaustive inquiry. Again, one of the points pressed by the Hon'ble Mr. Gokhale when he moved a similar Resolution was that the Comptroller and Auditor-General should submit appropriation reports which would be published and put in the hands of Members of Council. The Comptroller-General does now submit appropriation reports; they are published and similarly the Accountants-General in the provinces submit similar appropriation reports, and I have never yet heard of any use being made by Hon'ble Members of Councils of these reports with the detailed information which they contain.

"The only other point to which the inquiry of such a Committee could be directed is the everlasting price question which underlies a great deal of the growth of expenditure. Sir, the last Committee on prices sat for over three years and produced an enormous number of volumes of very valuable statistical information supplemented by a very valuable report. But all that that report tells us is again practically what was known before, the main point being summed up in the Government Resolution on the subject. It was practically that the prices of Indian exports are governed by those prevailing in the world's markets and through the growing influence of foreign trade Indian prices, apart from temporary fluctuations resulting from the character of the seasons, tend to follow the same course as world prices. The position may have been affected to some extent by the abnormal conditions of the war as a result of which communications between countries have been restricted so that special Indian conditions may affect the position, but these disturbing factors must be transient. I feel, Sir, that if the Committee's energies were directed to that point of the inquiry, this could serve little useful purpose and they would find themselves in the position of poor Mrs. Partington who when last heard of was endeavouring to sweep back the Atlantic with a mop.

"There is only one other point which I need mention, namely, that referred to by the Hon'ble Sir Dinshaw Wacha on the question of the growth of our expenditure at a rate exceeding that of our gross revenue. I think I remember that he wrote to Sir William Meyer on the subject, and that we looked into it and we found we were largely assisted in meeting this growth of expenditure by our increasing railway surplus. But I do not know that that really affects the particular proposal which has now been made. He suggested also that there might be an overhauling of the whole position. I think that some such overhauling must necessarily take place in working out the detailed arrangements for the greater separation of the Imperial and Provincial spheres of finance."

The Hon'ble Sir Dinshaw Wacha:—"I wish to say one word only. The railway surpluses actually conceal a large amount of expenditure growing from year to year. There will be more economy if this is made transparent. The railway surplus is the *deus ex machina* as opium revenue was."

The Hon'ble Pandit Madan Mohan Malaviya:—"Sir, I am glad to know from the Hon'ble Mr. Howard's statement that the Government are going to appoint a Committee to consider the question of Industrial banks. I wish, however, to point out the urgent necessity of the Committee being asked to deal with the larger question of banking in general. My friend referred to the collapse of Swadeshi banks. He will be aware, I presume, that by this time one of the banks referred to, the People's Bank, has paid up 17 annas in the rupee or is going to pay it. From the history of banking in the Punjab it is clear that these banks failed not for the fault of the management entirely, but owing to other reasons. I draw attention to this because it is likely to have an important bearing upon the question. There was a Committee appointed in the Punjab to inquire into the causes of the failure of these banks, of which the Hon'ble Mr. Maynard was the President. That Committee summed up the result of their investigation in the following words: 'Thus, speaking generally, our feeling is that the collapse can be referred to two fundamental causes:—(1) the inexperience and the defects of the machinery, inevitable to the starting of every new venture; (2) the lack of palliation or remedial action such as government itself, or quasi-government agencies, *i.e.*, a State-supported Provincial bank, might supply.' I refer to this to show the need for the Government widening the scope of the inquiry of the Committee which they propose to appoint. If the inquiry is confined to the case of Industrial banks only I fear that will not be enough.

"I would like to draw attention to one other circumstance. Mr. Howard spoke of the employment of Indians in banks started by private persons or

bodies. I fear that Government does not yet realise that in this country, situated as it is, it is the duty of Government to organise banking and place it on a far better footing than heretofore. At present we are in a very unfavourable position as compared with Japan. At the time of the Restoration in 1868 ignorance concerning the methods of foreign finance, or of banking, or of joint stock companies was universal, although Japan was not entirely without some financial machinery. National finance and economy were both in a perilous condition. The Japanese Government took advice as to the system of banking. They sent men to other countries, America among them, and they introduced a well-considered scheme. They invited a gentleman from England to introduce the scheme. The first National Bank was established in Tokyo in 1873 and began business in less than ten months. There are now five kinds of banks in Japan, viewed in relation to the line of business respectively followed, namely, Home Trade, Foreign Commerce, Industry, Agriculture and Colonisation; and in 1913 the total number of the banks was 2,152, of which 2,100 represented ordinary and savings banks at the end of the first half-year, and 52 the number of special banks at the end of the year. The paid-up capital of these banks amounted in 1913 to 436,188,271 yen, the reserve fund to 139,109,917 yen, the total deposits to 10,811,884,300 yen. I draw attention to this to show how much can be done if Government will take up the whole question in right earnest. There is a pressing need for having a net work of banks all over the country to help agriculture, trade, commerce and other purposes. The Committee which is going to be appointed should be instructed not to confine its attention to the question of industrial banks, but to the larger question of organising banks of different kinds which are needed for the development of the country. The case for a State bank has been strongly presented by the Hon'ble Mr. Sarma; the Chamberlain Committee recommended that the question of a State bank should be investigated by a Committee. I maintain it is high time that this question was dealt with. Another matter to which I would draw attention in connection with this point is the necessity for Government taking steps to provide better training in banking and commerce for our young men. Commercial colleges are a growing necessity. The Maynard Committee pointed out that it was the want of business knowledge and experience on the part of company promoters and managers that was the primary cause of bank failures in the Punjab. It is necessary that the investing public should be protected against inexperience and from other incidental evils. There should be a regular system of commercial training where young men could qualify.

"Lastly, I would say a word about the growth of civil expenditure. My friend the Hon'ble Mr. Howard said that this is not the right time for an inquiry. But in England during the war a National Retrenchment Committee was appointed to look into the question of expenditure. Happily the war is now at an end, and this in my opinion is the proper time for an inquiry into expenditure when experience gained in several directions is fresh. But not only this. While on the one hand my friend urged that this is not the time for examining the question of increases in expenditure, we find that the Secretary of State has granted increases of pay and pensions, and expenses are going up in other directions. If a Committee is appointed it could look into the whole question and suggest retrenchment. The country could then know whether the growing expenditure is justified, and the inquiry may lead to some economies being effected. The period is critical, expenditure has grown, and there is likely to be an increase of expenditure in several directions in the near future. This is therefore just the time when a Committee should look into the question and afford valuable help. I hope the Government will consider the matter and appoint a Committee to report to the Council. The question deserves looking into and should not be shelved any longer. I trust the proposal will be accepted."

The Hon'ble Sir James Meston:—"Mr. Howard has so fully and adequately dealt with the attitude of Government towards this Resolution that it is unnecessary for me to do more than to say a few words in explanation of one or two minor points. The Hon'ble Mover may naturally feel that we

exhibit a certain amount of ingratitude in declining the help he has offered us in dealing with the very thorny and difficult question of banking. We are by no means ungrateful, we are very anxious to have all the light that we can get on the subject, but there is a distinct danger of over-nursing a matter, the health of which depends very largely on spontaneous growth. At the present moment I confess I can see no clear advantages in undertaking this wide inquiry which Hon'ble Members press on us. If there are any obvious advantages, I can only repeat what my Hon'ble colleague, Sir William Vincent, said a little while ago, that we have sufficient on our hands to justify us in asking to be absolved from further investigations which are not of the first interest. Banking, for all practical purposes in India, may be divided into four heads. There is first general banking, the ordinary bank with which we are familiar with which we keep our accounts or our over-drafts; there is, secondly, the land mortgage bank, thirdly, the co-operative bank, and fourthly, the Industrial bank. These are the four branches with which India is mainly concerned. As regards general banking, we have to walk warily, because we come at once against sharp differences of opinion as regards State banking and the way in which it should be approached. We are not forgetful of the problem. We are not absolutely supine on the subject. We are endeavouring to ascertain the best way in which we can approach a difficult matter. And so I must leave the question of a State Bank alone for the present, I am not sure that I am convinced by my friend the Hon'ble Pandit Malaviya that it is the duty of the Government to establish model banks in the different provinces. It is a matter which I would very much rather wish was left to the people themselves . . . .

The Hon'ble Pandit Madan Mohan Malaviya :—" May I, Sir, explain ? I did not mean that Government should only establish model banks. I said that Government should establish and regulate banks. I meant both."

The Hon'ble Sir James Meston :—" I accept the Hon'ble Member's correction. But I am afraid my difficulty still remains as it was. I have no objection to see strong banking laws, strong regulations for preventing dishonesty and fraud. But apart from that, it does seem to me that the best way in which a nation can work out its own banking salvation is by its own experiments and its own experiences. India, as we know, is making considerable progress in indigenous banking. Mr. Howard has shown how successful the development of indigenous banking has become in Bombay. It is spreading in all parts of the country. Every six months we hear of new institutions being established, and it is no secret, that through the agency of the Presidency Banks, State or quasi-State assistance and guidance are generously provided for young banking institutions which are able to establish their claims to consideration. It would clearly be a breach of confidence for me to go further than that at the present moment, but many Hon'ble Members here will know perfectly well what I allude to.

" Now coming to the second type of Banking, the Land Mortgage Bank, everybody will recognise that it is a very different sort of institution from the ordinary commercial bank. It must be an institution which is financed very largely by long term deposits in order to ensure that it shall not be embarrassed in its handling of advances to landlords and estate holders. It is a type of bank which I do hope to see established in this country, but I hope to see it done in every province or even in smaller areas in every province, started very largely by local enterprise and maintained under local supervision and control. It is the local knowledge and neighbouring control by groups of intelligent landlords that are going to make the land mortgage business a success in this country, and I do not think it is any use for Government to undertake work of this sort on a large scale.

" We then come in the third place to co-operative banking, and in regard to that inasmuch as a very influential Committee has quite recently reported

and as action is now being taken on that Report, it is unnecessary for me to say more.

" As regards Industrial Banks, the fourth and the last head of Banking, we have declared our willingness to accept the recommendations of Sir Thomas Holland's Commission, and we are prepared to act in accordance with its recommendations. If the Hon'ble Member wishes that the expenditure under Miscellaneous 32 be increased by Rs. 10,000 for the purpose of carrying out those recommendations, I shall most gladly consent to that being done.

" Then, Sir, I turn to the second proposal of Mr. Sarma, to increase our expenditure by Rs. 30,000 towards the cost of a Committee to recommend measures for the retrenchment of the annual expenditure of the last five years. That again at the risk of apparent ingratitude I am obliged to resist. We are always glad of any help we can get in keeping down expenditure. I do not know that we always get that particular form of help in this Council, but we are always glad of whatever help we can get. But I do say, Sir, that this particular suggestion of the Hon'ble Mr. Sarma is at present wholly premature. The last five years have been entirely an exceptional period. Everything has been abnormal, and there is no use whatsoever in setting up the huge machinery of a big Committee to correct obvious abnormalities. They are going to correct themselves. Then you have prices rising still. You have salaries slowly rising behind them, and you have got the whole of the future of our salary and wage basis extremely indeterminate and uncertain. You must give the Departments breathing time till they settle down to new conditions. It may be that we are now at the turn of the tide, that prices will shortly fall, and the necessity for a further increase in wages and salaries may cease. Anyhow none of us know what is going to happen. There is no use investigating a question of that kind until we get to a more stable position. Finally, as Mr. Howard has emphasized, there is, in connection with the Reforms which are now impending, an absolute certainty of a very considerable increase in expenditure. The new régime, whatever else it is to be (I hope it is going to be a very great success), is going to be a very expensive thing. There is no question about that. Until therefore the normal state of things is restored, until we get the new apparatus of Government into working order, I can hardly imagine the necessity for an inquiry of this kind. In fact I cannot imagine a less suitable time for such an inquiry; and therefore on behalf of Government I must oppose the second part of the Resolution."

The Hon'ble Rao Bahadur B. N. Sarma:—" We are grateful, Sir, to the Government for accepting the proposition dealing with the investigation in at least one branch of banking, namely, Industrial Banking. But I must confess that the replies to the other parts of the inquiries which I have suggested have been most disappointing and will leave a very painful impression in the country. The Government perhaps does not realise that in rejecting an inquiry into the possibilities of a State Bank which the Chamberlain Commission, a very authoritative Commission, suggested five years ago, in rejecting that proposal . . . .

The Hon'ble Sir James Meston:—" May I explain, Sir? I have not objected to that, but we cannot undertake it at present."

The Hon'ble Rao Bahadur B. N. Sarma:—" I am glad I am corrected, because it will still leave some faint hope—five years is not too long a period. I hope we shall live to see that when Government's hands are free from other urgent work, they will be able to appoint a Committee to investigate into the possibilities of a State Bank, and to meet the peoples' wishes. People realise that though the individualistic attitude which was in vogue both in England and in India, has very very important possibilities and should not be overlooked, it has been played out, at any rate it should not be a working

proposition in India, as it is not elsewhere. I hope that the Government, having regard to the inaptitude of the people, you may say weakness of the people, you may say the ignorance of the people, ought to take up a more nationalistic, a more socialistic attitude with regard to their needs, and not refer to the individualistic policy always whenever some help is needed in this matter. And in this matter of banking, Sir, if the general banking which has ramifications into almost every other branch of banking and trade which is connected with the other branches, is neglected, and its improvement postponed, and, if you merely take up one, it will be attending to a branch instead of to the root, and I do not think that fruitful results will follow. I hope, therefore, Government will be able to find time to investigate the first branch also.

"Then coming, Sir, to the second question, namely, the appointment of a Committee to inquire and report on the retrenchment of the annual expenditure, I may be permitted to state that here again the Government reply means that we dare not risk an investigation into the annual expenditure of the country during the last five years. It comes to that virtually, or at any rate the implication is there. Well, I should have expected that when in the hurried days of the past large expenditure was incurred, that Government, of all departments, would welcome an inquiry of the kind I have suggested which would show that money has been well utilised having regard to the abnormal conditions which prevailed. They should therefore have welcomed an inquiry such as I have suggested even apart from its usefulness for the future. But has it no lessons for the future ? I humbly submit that it has. The very reason that we have to differentiate between Imperial and Provincial finance seems to be the reason for inquiring into the growth of Imperial as well as Provincial expenditure so that we may know what is really Imperial expenditure and what is really Provincial expenditure, so that the Government of India may not take more from the provinces than is absolutely necessary for true Imperial needs, so that they may give the provinces all the legitimate help that is needed by them, which is only possible in the light of an inquiry such as the one I have suggested. We should have known then what revenue would have to be set apart to the Imperial Government. At any rate whether the Imperial Government from the revenues which it has would be able to help the Provincial Governments or would have to take as contributions something from the Provincial Governments. On a question of that description it is of very vital importance that we should know what the Imperial expenditure is, and therefore I should have thought the Government would have welcomed an inquiry of that sort. Apart from that, it is said that the rise of prices is so abnormal and has been so unusual that nothing which could be settled now would be of value a few years hence. I recognise the value of that reasoning to a certain extent, but because these prices have been rising there must be some constructive programme, some programme which will not result in expenditure being incurred in a haphazard manner, but according to a plan devised to meet needs as they may arise in certain eventualities. Supposing the prices increase to a certain extent, what shall be our policy; supposing they increase a little more, what will be our policy should be thought out beforehand ? An inquiry like that might help the Government in formulating its policy previously and enabling it to fall back on that policy, instead of being driven into sanctioning four annas here, eight annas there, bargaining with the officials and saying 'would not this do ?' and so on. I hope that this would be useful, and I therefore hope that, though the Government may decline to accept this part of the Resolution now they may be able to see their way in the near future to take action in this direction on their own initiative. I wish the two parts of my Resolution to be put separately."

The Hon'ble the Vice-President :—"If the Hon'ble Member would like to amend his Resolution, he may do so. I understand the only hope held out by the Hon'ble Member in charge was for a Committee on Industrial Banks. I shall put the Resolution in two parts as requested.

Part (*a*) was put to the Council and lost.

Part (*b*) was put to the Council and lost.

The Hon'ble Member then asked for a division on the Resolution as a whole and the Council divided as follows :—

Ayes—9.

The Hon'ble Mr. S. N. Banerjea.
„ Raja of Mahmudabad.
„ Pandit M. M. Malaviya.
„ Mr. S. Sastri.
„ Mr. B. N. Sarma.
„ Mr. V. J. Patel.
„ Maharaja of Cossimbazar.
„ Sardar Sundar Singh.
„ Mr. G. S. Khaparde.

Noes—31.

The Hon'ble Sir Claude Hill.
„ Sir George Lowndes.
„ Sir T. Holland.
„ Sir William Vincent.
„ Sir James Meston.
„ Sir Arthur Anderson.
„ Mr. W. A. Ironside.
„ Mr. H. F. Howard.
„ Sir James DuBoulay.
„ Mr. A. H. Ley.
„ Mr. W. M. Hailey.
„ Mr. H. Sharp.
„ Mr. R. A. Mant.
„ Sir Godfrey Fell.
„ Mr. F. C. Rose.
„ Mr. C. H. Kesteven.
„ Mr. D. de S. Bray.
„ Lieutenant-Colonel R. E. Holland.
„ Surgeon-General W. R. Edwards.
„ Mr. G. R. Clarke.
„ Mr. H. Moncrieff-Smith.
„ Mr. C. A. Barron.
„ Mr. P. L. Moore.
„ Mr. T. Emerson.
„ Mr. E. H. C. Walsh.
„ Mr. C. A. Kincaid.
„ Sir John Donald.
„ Mr. P. J. Fagan.
„ Mr. J. T. Marten.
„ Mr. W. J. Reid.
„ Mr. W. F. Rice.

The Resolution was therefore negatived.

The Council adjourned to Wednesday, the 12th instant, at 11 A.M.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Wednesday, the 12th March, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 61 Members, of whom 53 were Additional Members.

MOTOR SPIRIT (DUTIES) AMENDMENT BILL.

The Hon'ble Sir James Meston:—"My Lord, I beg to move that the Bill to extend the operation of the Motor Spirit (Duties) Act, 1917, be taken into consideration. The Bill has been published and has evoked no opposition."

The motion was put and agreed to.

The Hon'ble Sir James Meston:—"My Lord, I beg to move that the Bill be now passed."

The motion was put and agreed to.

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Hon'ble Sir James Meston:—"My Lord, I beg to move that the Bill to amend the Indian Income-tax Act, 1918, be taken into consideration. This Bill also, my Lord, has been published, and I believe it has met with general approval."

The motion was put and agreed to.

The Hon'ble Sir James Meston:—"My Lord, I beg to move that the Bill be now passed."

The motion was put and agreed to.

The following Act of the Indian Legislative Council received the assent of the Governor General on the 12th March, 1919, and is hereby promulgated for general information :—

ACT NO. III OF 1919.

An Act to extend the operation of the Motor Spirit (Duties) Act, 1917.

II of 1917. WHEREAS it is expedient to extend the operation of the Motor Spirit (Duties) Act, 1917 ; It is hereby enacted as follows :—

Short title. **1.** This Act may be called the Motor Spirit (Duties) Amendment Act, 1919.

II of 1917. Amenment of section 1, Act II of 1917. **2.** In section 1 of the Motor Spirit (Duties) Act, 1917, the word "and" at the end of sub-section (*2*) and the whole of sub-section (*3*) shall be omitted.

The following Act of the Indian Legislative Council received the assent of Governor General on the 12th March, 1919, and is hereby promulgated for general information :—

ACT NO. IV OF 1919.

An Act to amend the Indian Income-tax Act, 1918.

VII of 1918. WHEREAS it is expedient to amend the Indian Income-tax Act, 1918 ; It is hereby enacted as follows :—

Short title and commencement. **1.** (*1*) This Act may be called the Indian Income-tax (Amendment) Act, 1919.

(*2*) It shall come into fore on the first day of April, 1919.

VII of 1918. Amendment of section 14, Act VII of 1918. **2.** In the proviso to sub-section (2) of section 14 of the Indian Income-tax Act, 1918 (hereinafter referred to as the said Act), for the word "one" the word "two" shall be substituted.

Amendment of section 18, Act VII of 1918. **3.** In sub-section (*4*) of section 18 of the said Act, for the figures, brackets and word "17 (*1*), (*2*) or (*3*)", the figures, brackets and word "17 (*1*) or (*2*)" shall be substituted.

Substitution of new Schedule for Schedule I, Act VII of 1918. **4.** For Schedule I to the said Act, the following Schedule shall be substituted, namely :—

"SCHEDULE I.

(*See Section 14.*)

RATES OF TAX.

	Rate.
I.—When the taxable income is less than Rs. 2,000 . .	*Nil.*
II.—When the taxable income is Rs. 2,000 or upwards, and	
(*i*) The total income is less than Rs. 5,000 . . .	Five pies in the rupee.
(*ii*) The total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(*iii*) The total income is Rs. 10,000 or upwards, but is less than Rs. 25,000.	Nine pies in the rupee.
(*iv*) The total income is Rs. 25,000 or upwards . . .	One anna in the rupee."

Substitution of new Schedule for Schedule II, Act VII of 1918. **5.** For Schedule II to the said Act, the following Schedule shall be substituted, namely :—

"SCHEDULE II.

(*See Section 37.*)

RATES OF REFUND.

Amount.	Refund.
1. Less than Rs. 2,000	One anna in the rupee.
2. Rs. 2,000 or upwards, but less than Rs. 5,000 . .	Seven pies in the rupee.
3. Rs. 5,000 or upwards, but less than Rs. 10,000 . .	Six pies in the rupee.
4. Rs. 10,000 or upwards, but less than Rs. 25,000 . .	Three pies in the rupee."

Repeals. **6.** In the said Act, sub-section (*3*) of section 17, Chapter III, and in section 35 the words "or in a notice or order under section 30" are hereby repealed :

Provided that such repeal shall not affect the liability of any person to pay any sum due from him or any existing right of refund under the said Act.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Wednesday, the 19th March, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 54 Members, of whom 46 were additional Members.

EXCESS PROFITS DUTY BILL.

The Hon'ble Sir James Meston :—" My Lord, I beg to move that the Report of the Select Committee on the Bill to impose a duty on excess profits arising out of certain businesses be taken into consideration.

" My Lord, this Bill sets out to secure a net sum of £6 millions to pay part of the contribution to the cost of the war which was decided upon by this Council last September. The Bill in its original form followed the lines of the similar, but very much more drastic, measure now in force in England. In its passage through the Select Committee it has been materially modified in several important details and in numerous points of mechanism, although the main structure of the law remains identical with what was accepted by the Council when the measure was first introduced.

" I shall first describe the broad lines upon which the amendments of the Select Committee are based, then touch upon a few detailed changes of major importance ; and in the course of the narrative I may have to indicate certain matters of policy and procedure which we undertook to observe in the administration of the Act, although we have not found it necessary to include provision for them in the actual wording of the Bill.

" The purpose of the Bill, my Lord, is to obtain for Government a one-half share in profits which accrued during 1918 or thereabouts, in excess of the profits of a more normal period. The main issue for decision therefore has been the ascertainment, first, of the typical profits to-day, and second, of the more normal profits with which they have to be compared. We have thus to determine, and determine as far as we can with equity, two different periods, one of which is the 'accounting period' for the profits of to-day, and the other of which is the standard period for the profits of a less abnormal character. It was obviously upon getting a fair definition of these two particular periods that the deliberations of the Select Committee mostly concentrated. If this tax had been imposed earlier, or if it were likely to remain in force for a prolonged period, the precise ascertainment of those two periods would have been attended with much less difficulty ; for the simple reason that inequalities in one year could have been adjusted in the next. In our circumstances, however, the greatest care was obviously necessary in arriving at a basis of comparison which would be fair, not only to trade and commerce generally, but would also reduce, as far as possible, the number of exceptional or hard cases for which special treatment could equitably be claimed from our assessing officers. To any one who has studied the fluctuations of commercial activity in different parts of India in the last few years, it will at once be obvious that a system of assessment which may be fair to one great industry would probably hit its neighbour very hard ; and the only remedy which we could devise for this state of affairs, the only expedient

which we could invent to secure a relatively parallel system of treatment in classes of business of which the conditions vary both among themselves and from year to year, was a high degree of elasticity in defining the periods upon which we are to assess. Even here there was a danger, my Lord, for if the choice of period is made too elastic, it would almost certainly be found that one class of business would be able to secure for itself a method of assessment which would not only suit it better than any of the other options, but would also enable it to get off with the payment of a smaller percentage of its return, a smaller relative share of its return, as compared with the incidence of the tax under any available option upon some other neighbouring class of business. The jute and cotton trades are prominent examples of what I mean. To take one year or one set of years for cotton would probably hit it much harder than an assessment upon the same basis, the same year or the same set of years, would hit the jute trade; and yet to offer both trades the same variety of options would probably result in the jute industry securing a method of assessment which would be much more favourable to it, relatively, than any of the same alternative methods would be to cotton.

"In these circumstances, the Select Committee was naturally guided to a very large extent by the advice of its commercial members, and more particularly of those gentlemen who represent the main staple industries of Calcutta and Bombay. Well, my Lord, that advice was freely placed at our disposal; and on behalf of the Select Committee, and I am sure of the Council also, I wish to express our sincere indebtedness for the invaluable assistance which we have received in this and every other detail of the Bill, particularly from the Hon'ble Mr. Hogg and the Hon'ble Mr. Ironside, with the assistance of the Hon'ble Sir Fazulbhoy Currimbhoy. It is a matter of congratulation that in all the essential features of the Bill, we have been able to arrive at provisions which these gentlemen accept on behalf of the commercial communities which they represent as broadly fair and equitable; for the Council will observe that in the short minute of dissent which is attached by four of the members of the Select Committee, no objection is taken to any important point of principle in the Bill.

"Now, my Lord, let me turn from the general to the concrete. The first question of importance to be decided was the year for which we should accept the accounts of businesses which are being assessed to the duty—the accounting period. The Bill originally provided that that period should be the business year of the company or firm, up to the end of March 1919, or to such other date in the course of the last twelve months as was the end of the company's usual business year. To this arrangement considerable objection was taken in Committee. It was pointed out in particular that a company which closed its books last June might be returning a much larger scale of profits than a company which closed its accounts in the current month; the former had 12 uninterrupted months of what we may call war prosperity, while the latter showed only five or six months of really good business and a number of months of comparative reaction after the Armistice was signed in November last. This of course is not the only type of inequality which results (and we were satisfied that inequality does result) from the rigidity of our original clause. It has also been taken as a serious objection to our original clause that the valuation of stocks outstanding on the books of companies which closed several months ago may probably have been very much higher than subsequent circumstances showed to be reasonable. It was pressed upon us that, if we assess upon the valuation of stocks which appear in the accounts of several months ago, we ought in fairness to allow for whatever depreciation has occurred since then; and the argument was pressed to the point that it might be necessary to leave the valuation altogether an open question for some considerable period in order to correct it by the prices at which the stocks are ultimately disposed of. To meet these and similar difficulties a number of suggestions were made. From Cawnpore we had a suggestion that the accounting period should be taken as the year 1917, and from Bombay there came a suggestion that we should average up the whole of the five years since the starting of the war. These proposals were obviously open to the objection of the very exaggerated degree of retrospective effect which we would be giving to the measure. In the end we determined to accept a suggestion of the Hon'ble Mr. Ironside, and this now forms the

accounting period as defined in clause 2 of the Bill. Now, clause 2 has to be read with the provisions of clause 5 (*b*), and, taken together, they certainly look a little complicated. But all that they mean is this. If the accounts of a business are not closed in the ordinary course of that business at the end of March, the business in question will have the option of taking its ordinary account year and of adding to that the whole of the transactions between the end of the account year and the end of the current month, *i.e.*, the end of this March. If the period which thus comes to be handled should happen to be 15 months, as it would if the company closed in December, we then take twelve-fifteenths of the profits of the whole period. If the company close in July and exercised the option of running on to March, we should take twelve-twentieths of the aggregate profits of the whole period, and so on. The business has thus the option of standing by its own regular year, or of adding to that year the subsequent months up to the end of March 1919 and thus getting the benefit, in many cases, of a period of slacker trade and diminishing values. We believe that this will allow of an equitable assessment, and ought to relieve materially the number of relatively hard cases. It would also permit concerns which wish to take advantage of the option sufficient intimation to allow them to have a proper stock-taking at reasonable prices at the end of the current month, upon data which our assessing officers can easily check and get easily justified.

"The next cardinal feature in the Bill is the determination of the standard period, that is the period the profits of which are taken in comparison with the profits of to-day. The original proposal in the Bill as it came before the Council was to take the average profits of four specified years, two immediately before the war, and the other two after the commencement of hostilities. These four years were chosen in all good faith and, as we believed, in the interests of the assessee. The idea was to base the standard profits on a period which would not be altogether a period of low profits, but would include also some years of higher returns; and it was hoped that in this way we should keep the excess of the current year over the standard within as reasonable limits as possible. Our attempt to secure moderation in this manner has not been altogether a success. Apparently with some businesses the profits assessed after the declaration of war were really lower than those that they had been earning before hostilities began; and with some businesses the assessment year 1916 covered profits which would have been earned in a twelve-month period which covered the outbreak of the war and the unsettlement of trade which immediately followed it. Other concerns, again, had had one bad year out of the four which we enumerated; they had probably not been assessed to income-tax in that year, and consequently, under the only alternative which was open to them in the original Bill, had to go to what is known as the percentage assessment, that is to say, they would have had to get their standard profits taken on an assumed figure of 10 per cent. upon their capital. All these were cases of more or less hardship, and in order to meet these and other hardships, we have, after much anxious discussion, provided for a wide, range of options, which will be found tabulated in the new clause 6 of the Bill. As the Bill now stands, a business may claim to have its standard profits calculated at 10 per cent. on its capital, if that suits it best. If its profit were low before the war, it can claim that the average on which it paid income-tax in 1913 and 1914 be taken as the standard. If it prefers the standard we originally suggested, it can abide by the income-tax assessment made in 1913 and 1914 and in any two out of the three years 1915, 1916 and 1917. There are more minute features in this rather elaborate section, but this, broadly speaking, is the range of options among which an assessee may choose that which makes his assessment the easiest for him. But having made his choice, if he still feels that he has a hard case, he may when sending in his return—but not later—apply to the Collector for special treatment on a large variety of grounds enumerated in clause 7 of the Bill, which the Council will observe from the italics in it has also been substantially altered in the course of the discussion in Select Committee. To the hard cases which were originally set out there, we have added several others. We provide, for example, for obsolescence and the heavy cost of any replacements that may be necessary in the accounting period. We allow also, in clause 7 (*e*) and (*f*),

for the not infrequent case of one company deriving income from shares in another company which has paid excess profits duty already, either in India or in England. A general recipé for hard cases will also lie in the prescription which allows the ordinary rate of ten per cent. on capital for the calculation of standard profits to be raised in the case of special businesses. And finally there is a very elaborate system of appeal for assessees who are discontented with the finding of the Collector. They may go in the first instance to the Chief Revenue authority of the province (clause 8), and from him they may claim either that he should hear their appeal, or that he should refer it to a Board of Referees. If they elect the latter alternative, a Board will be constituted of either 3 or 4 members according to the importance of the case (still clause 8); in either case not less than two of the members will be non-officials with adequate business experience, though not necessarily—as was apprehended in some quarters from the terms of the original Bill—business rivals. One other special provision is of great importance. An entirely new provision for hard cases is embodied in a new clause 9, which permits the Government of India to appoint a Board of special Referees to advise it upon any particular class of business upon which it is said, that the ordinary provisions of the law would press severely. Among such cases we contemplate that new businesses might be dealt with, as well as controlled businesses. The treatment of the latter would of course vary according to the nature of the control; for example, in some cases there might be complete and entire control of the whole output, while in others there might be only a limited control extending to a partial fixation of the price of the output. In these and all other cases of alleged hardship, instructions will be issued that Boards of Referees should form their decisions in accord, as far as possible, with the general principles of the law and regulations obtaining in the United Kingdom. On these points of course we hope to obtain very special advice and help from Mr. Watkins of the Board of Trade, who is now on his way out to India and ought to arrive during the course of the current month.

"When introducing the Bill I made on behalf of the Government a promise that no assessee would be made liable to both super-tax and excess profits duty on the profits of the same business, and that income-tax would not be levied upon that part of his profits which is commandeered by Government. Effect to that promise had been given in clauses 19 and 20 of the Bill. In their note of dissent, four of my colleagues in Select Committee have expressed regret that the opportunity is not taken to abolish the super-tax altogether in the case of companies or firms. I tried to explain, when introducing the Bill, that we are not particularly proud of the super-tax as at present worked, and that we hope to reconstruct our whole system of taxation upon incomes as soon as the excess profits duty ceases to be levied. Until then it would hardly be practicable to abolish the super-tax in the partial manner now proposed; and I am afraid that such a measure would be resented by companies which come under the operation of this Bill. It would mean relief to their neighbours which are domiciled in the United Kingdom at a time when they themselves are becoming amenable to this higher duty. It would also have the effect of enabling the British Treasury to assess Indian companies domiciled in England at a higher rate of profits, because the super-tax now levied in India is treated as a set-off in England before the excess profits duty is taken there. This would mean a very substantial transfer of revenue from India to England. I am sure that Hon'ble Members who signed the minute of dissent will realise the difficulties which the Government feels in meeting this particular proposition.

"My Lord, I think that I have now dealt, though in a somewhat popular and non-technical manner, with the outstanding features of the Bill as amended in Select Committee. I turn now to a few matters of detail of minor importance in regard to which a word of explanation seems necessary. I have been asked to explain what is meant by the term 'person' wherever it occurs in the Bill. It is used in its legal sense as defined in the General Clauses Act, and covers a company, firm or business assessed under this Act. I have also been asked to make clear what is meant by the profits assessed in a particular year, say 1913, in the standard period. The expression

refers to the assessment made in the financial year beginning in this particular case on the 1st of April 1913, and that assessment would, under the old Income-tax Act, mean the assessment upon the income of the previous year. This explanation of course does not apply to the accounting period, which is assessed under the terms of the new Income-tax Act. All this was clearly explained in a Press Communiqué last December. Questions have been asked as to the meaning of the words in the latter half of clause 7 (*g*). The intention here was to allow for elasticity in the case, for example, of a company which closes its accounts in June and would thus be assessed in 1916 for the year stretching from the 1st July 1914 to the 30th June 1915 and thus covering a period of disturbed trade conditions. In clause 7(*c*) the exceptional depreciation of assets will not exclude the specially considerate treatment of securities if they form assets employed in the business. Then again, we were pressed in regard to our intentions about foreign firms. I readily accept—we all readily accept—the high desirability of bringing them into our net. This point has been specially impressed upon our income-tax authorities, and we trust that they will be required to pay their fair share of the duty which is now being imposed. In clause 13 the question has been raised as to the nature of the instalments in which the tax will be levied. We have undertaken to issue general executive instructions on this subject with three objects—first, that reasonable time should be given for payment; second, that the instalments should be as far as possible uniform throughout India; and third, that the whole of the duty should be levied before the 31st of March 1920.

"Coming to clause 18, we have been pressed to publish for previous criticism any rules that may be made under the Act. As far as practicable we shall be glad to publish any rules which are not of an emergent character, or, if that ispreferred, to refer them to the criticism of committees of commercial bodies in the more important centres. Rules, however, will often have to be made in circumstances of considerable urgency and we find ourselves unable to accept the suggestion that previous publication in all cases should be prescribed in the Act.

"Another matter which has met with considerable attention is a proposal that we should accept war bonds in payment of the tax. Whether we shall be in a position or not to comply with this suggestion depends entirely upon the general financial results of the year. If our ordinary revenues should turn out to be substantially in excess of our estimate, we shall be glad indeed to take the opportunity of retiring short-term bonds that may be offered in payment of excess profits duty. It is, however, obviously quite impossible to make any promise at this stage.

"There is no other question, I think, of general importance which requires special mention here. The Bill as revised contains a number of minor amendments and improvements which will no doubt be appreciated by assessees who have to study its provisions. I do not know, however, that the Council would be greatly interested in any exposition of these in detail, and I shall accordingly move now that the Report of the Select Committee be taken into consideration. On the agenda paper it will be observed that there stand several Government amendments, which I shall ask your Excellency to allow Mr. Howard to move on behalf of Government; and if I have not in these remarks made any special reference to the first paragraph of the minute of dissent attached to the Report of the Select Committee, it is because I shall have the opportunity of dealing with that in reply to an amendment which the Hon'ble Mr. Hogg has placed on the agenda paper."

The Hon'ble Mr. Malcolm Hogg:—My Lord, I must first acknowledge the very generous terms in which the Finance Member was good enough to refer to such assistance as I was able to give during the proceedings in the Select Committee. In moving that the Select Committee's report be taken into consideration, Sir James Meston has dealt very fully with most of the changes that have been made in the Bill, and I do not wish to cover the same ground again as far as I can avoid doing so; but there are a few points which have been brought to my notice at different times by the commercial public, which it may be of interest and value to mention. One point that has occasioned

a certain amount of misunderstanding and which is referred to in the Report of the Select Committee is the duration of the Bill. Well, as is pointed out in the Report of the Select Committee, it is quite plain that the Bill itself cannot continue for more than one year, and that this duty cannot be renewed without further legislation. But, I think, the point really is that the commercial public would like an assurance from Government that they recognise that this tax is a special tax, suitable only to war conditions, and that whatever taxation may or may not be necessary next year they have no intention of introducing legislation to prolong the excess profits duty. That is really what, I think, is at the back of the minds of those who have been asking for some assurance that the Bill does not mean more than one year's taxation of excess profits.

"Another point that was referred to briefly by the Hon'ble the Finance Member was the question of securities. But I think I might just point out to the Council its significance a little more fully. There are certain classes of businesses, such as banks, insurance companies and the like, which have to invest a considerable portion of their resources in Government and other trust securities. These securities have depreciated very considerably in value through circumstances arising out of the war. For income-tax purposes that depreciation is not allowed to be taken into account. Well, my Lord, this is not the time for me to argue whether that is or is not an equitable ruling. But while it is arguable that such depreciation is not a proper charge on income-tax which is a continuing tax from year to year, it cannot, I think, be denied that there is a strong case for such depreciation being taken into account when you are dealing with a tax imposed for one year only on excess profits made during a certain restricted period. I therefore welcome the assurance of the Hon'ble the Finance Member that Government will give instructions that the term 'assets' in clause 7 (*c*) will include securities, provided that those securities do in fact comply with the other provisions of that sub-clause.

"I then wish to refer briefly to the question of the abolition of super-tax. The super-tax in the United Kingdom is a tax on individual incomes only. When it was imposed in India, it was extended in a partial degree to the incomes of firms and companies, that is to say, it was extended to the undivided profits. The reason for doing that was that at that time Government did not consider that an excess profits tax was practicable in this country. They desired to find some means of tapping the commercial and industrial profits which were being made, and for want of a better method they extended the super-tax to the undivided profits of firms and companies. Well, my Lord, ever since that tax was imposed it has been very generally criticized as thoroughly unsound and uneconomic. Now that the excess profits tax is being imposed the only excuse for the extension of the super-tax to the incomes of firms and companies is gone, and it seems to me that the proper, the logical and the just course to take is to remove the super-tax from the incomes of firms and companies and confine it to its proper sphere of individual incomes. It is quite true that the effect of that would be in certain cases remission of taxation. There are two classes of cases; one is the case of companies which have enjoyed for some years steady prosperity, which have not made more money in 1918 than in previous years or not much more, and therefore would hardly be liable to excess profits tax and would profit by the abolition of the super-tax from the incomes of companies. Similarly, there is the case of English companies who are liable to English excess profits tax and are exempted from the excess profits tax here. They would undoubtedly benefit if they did not have to pay Indian super-tax. The Hon'ble the Finance Member has suggested that that might be resented. Well, in so far as the English cases are concerned, I really do not think that anybody can possibly resent it. For what is the position? They at present pay Indian income-tax, Indian super-tax, English income-tax and English excess profits tax. I really do not think anyone would grudge it if they happened to get a remission in respect of the Indian super-tax.

"Be that as it may, I submit that in any case it is not a sound argument. You impose an excess profits tax and there is no doubt that a certain number of people will be hard hit, but the fact that a certain number of people will be hard hit is not accepted as a valid reason for not imposing it. Similarly, I

submit that the fact that a certain number of people would benefit is not a valid reason for refusing to remit a tax, when its remission is sound and just. I hope, my Lord, that the Hon'ble the Finance Member will at least be able to give us an assurance that the whole question of income-tax and super-tax in this country will be taken into consideration next year, and that it will be put on a sounder and more satisfactory basis. I do not think I need say much on the provisions which relate to the accounting period and the standard period, for the Hon'ble the Financial Member has explained them very clearly. But I should like to make a few observations on the changes made in respect of standard profits. The object of these changes was to reduce the number of hard cases, the number of cases that will require individual adjudication. It has got to be remembered that the machinery for dealing with such cases is inadequate. It will be difficult to get the non-officials required for Boards of Referees, for you have not got the large supply of expert accountants, etc., that you have in England. Also, your official income-tax machinery is already sufficiently burdened with income-tax collections and you do not want to add to their work unnecessarily. We, therefore, thought in the Select Committee that it was desirable to make the provisions of the Bill as elastic as possible in order to reduce the number of hard cases. We recognise however that it is not possible to remove them altogether, and that there must be a good many. In order to cover them we have made clause 7 fairly wide. There again, it was felt that if we started to try and legislate for all possible hard cases—I may say that I have rather a substantial file of correspondence dealing with various cases that may arise—if we attempted to put all these into the Bill we should have been sitting in Select Committee till next X'mas and would have produced a Bill as lengthy and complicated as the English Act. That of course was not desirable, especially as it was only intended that the Bill should be in force for one year. We accordingly made the provisions as wide as possible, under which hard cases can come up. In this connection I understand that the Hon'ble the Finance Member will be able to assure us that in dealing with hard cases Boards of Referees and executive officers will be instructed to observe the provisions of the English Act as far as they are applicable to the circumstances in this country. That assurance will be very much valued because, naturally, anybody who considers that he has a grievance under this Act will wish to know more or less on what lines his particular case will be dealt with. Another point that seems to have given rise to misapprehension is the provision for the ascertainment of capital under Schedule II. Well, I admit that this definition is rather formidable and not easy to understand at first reading. There seems to be an idea that Schedule II is limited to block capital. As I understand it this is not so. The Schedule is copied almost verbatim from the English Act, and includes any capital that is included in the United Kingdom. I think before I sit down I should like to say a word about the case of those companies which close their accounts on the 30th of June. Undoubtedly, even under the standard period as we have amended it, they have some grievance. As has been pointed out by the Hon'ble the Finance Member when you talk in this Bill of the year 1915, for the 30th June companies that means 1st July 1913 to 30th June 1914. That is to say in giving the 30th June companies the option of taking 4 years out of the 5 years 1913-14-15-16-17, you are not offering them the same option as you offer to those that close on the 31st December. Those that close on the 31st December have the option of taking two specified pre-war years and two out of three war years. In the case of the 30th June companies the operation of this option is different; they can take, firstly 1913 and 1914, that is two pre-war years and secondly, they can combine with that any two of the three years 1915, 1916 and 1917. For the reason previously explained this means to them that they can take three pre-war years and one war year, or two pre-war years and one war year, and the year in which the war broke out, they do not get exactly the same choice of including two full war years as the 31st December companies get. Personally, I should have liked to have given the 30th June companies the option of the further year 1918 (in the sense defined in the Bill), but the Hon'ble the Finance Member was not in a position to accept that. The only remaining remedy was that, if the facts justify it, any 30th June company can come up as

a hard case. It was for that reason that the amendment to which the Hon'ble the Finance Member has already referred, the addition to clause 7 (*g*) was made. Another point which has given rise to a good deal of criticism is the rate of percentage of 50 per cent., but as that will be dealt with by several amendments, I will say nothing at present about it."

The Hon'ble Sir Fazulbhoy Currimbhoy:—"My Lord, I do not think it would be appropriate for me to speak at this stage on the provisions of the Bill. I have fully and clearly expressed the views of the commercial community in India against the principle of the Bill, when the Bill was introduced. The Bill was then sent to the Select Committee, and the principle was accepted by this Council. In the Select Committee, we suggested several modifications and the Hon'ble the Finance Member has just expressed to us what modifications have been made. I take this opportunity of thanking the Hon'ble Sir James Meston for having considered our suggestions in a most sympathetic manner and for having accepted some of the most important ones. I do not wish to take up the time of this Council. I agree with the Hon'ble Mr. Hogg in the views he has expressed. With these words I support the motion."

The Hon'ble Sir Dinshaw Wacha;—"No doubt when the Bill was first introduced so far as Bombay was concerned, there was a good deal of panic. I know that the then Finance Member had got telegrams on the subject to the effect that it would ruin Bombay and the investors. Of course, when once a cry of this character is raised it is taken up and the parrot cry is repeated. I am glad to find, however, that since then a great deal of the misapprehension and of the panic, whether promoted by investors or gamblers and speculators, has been allayed. I am glad also that there has been a great improvement on the original Bill as introduced, judging from the explanatory statement of the Hon'ble the Finance Member. From that it appears to me that there is nothing in the Excess Profits Bill so far as equity is concerned, to complain of. I think, my Lord, that people generally make no difference between what is called a war taxation and a loan. A war taxation is only meant for war purposes, and the moment, I suppose, the exigencies of the war are over, there is an end to that taxation. The loans stand in a different category. Loans are raised, the expiration of which extends sometimes to 20 years or 30 years, while war taxation does not burden posterity. I do not see why taxation for war purposes which can only at most fall on the present generation should be so indefinitely prolonged as to burden posterity. That, my Lord, is a point for very careful consideration by this Council. I am glad that it was fully considered by the Government itself from the very beginning, though the public did not see it quite in that light, namely, that war taxation is different from raising a loan. I quite agree with my Hon'ble friend Mr. Hogg, that the Finance Minister should give an assurance to those who are pessimistic that the tax now to be imposed is of short duration. Otherwise, profiteers would try to gobble away their profits. Their complaint is that the Government is determined to sweep away their profits. At the same time it has to be borne in mind that after all, what the Government is about to take from them, say, even 50 per cent., cannot be considered as burdensome. The tax-payers of all India have paid into the Government Treasury a certain sum of money by way of general taxes. The Government, on account of war and other kindred purposes, have paid out from those very taxes a considerable amount to business firms and other large traders and contractors. It is this very money which, of course, is now excised by Government for purposes of war taxation. I mean the colossal profits in excess of the normal. What earthly reason is there for these profiteers to complain of? Practically speaking, the Government is partially recouping its Treasury for the benefit of the original body of tax-payers. That is the way I look at this process of levying the Excess Profits tax. I do not think that the Government is doing anything wrong financially or economically. But my Bombay friends seem to think otherwise. However, I do sincerely hope that when this Bill is published as an Act, and when the proceedings of to-day's meeting are made generally known, all this panic and alarm, needlessly and ingeniously raised by gamblers and speculators on the stock exchanges, will be greatly allayed. The only thing I should like to suggest is this: that the rules and regulations

which are to be framed under the Act by the Finance Minister will be translated into the principal vernaculars of Bombay and Bengal, because a large number of those who will be assessed to the excess profits duty will be, of course, people who do not understand English; and because they do not understand English it will be a profitable business of certain designing persons who trade on popular ignorance and credulity, to misrepresent and misinterpret the true meaning of the rules and regulations which the Government will frame. It would be a very good thing were the Government themselves to translate these rules and regulations, so that none may question the correctness of the translation, copies of which may be distributed broadcast, and every business firm or other person who has to deal with excess profits tax may be enabled to thoroughly understand them. This will prevent not only needless complaints but all interested agitation. As far as this Bill is concerned, I am also glad to learn that we are to have an Advisory Board. For what was formerly the case? The tax-payers were a body quite apart, while the tax-gatherers were a body also apart. The latter kept the former at arm's length. Well, that procedure is going to be abolished, and the tax-payers and the tax-gatherers are to be brought together, the lion and the lamb will drink water at the same fountain, and of course, in that way there will be a good deal of harmony and peace. That is exactly what is wanted in financial matters of this character, where a large amount of money is to be taken from the pockets of people who do not like to pay any taxes excepting those that are needful. Therefore, I think this establishment of an Advisory Board is a very good provision that has been enacted. But I do sincerely hope that this Bill will now be accepted by the general public. Our thanks are due in this case to the Select Committee, and especially to our friends here, Sir Fazulbhoy Currimbhoy, Mr. Hogg and Mr. Ironside. I think, also, we may as well thank our friends the Secretary and Treasurer of the Bank of Bombay and other gentlemen, whom the Government of India had invited for consultation and advice. I also hope that the bogey of the failure of the loans which Government are going to raise in July or August next will be laid low. There are not wanting those who raise the cry that the needed capital will not be forthcoming, because the excess profits tax will take away all the profits which are partially capital. Such economic nonsense, I hope, will not be circulated. I do not at all apprehend that any large industry will be crippled, and the Finance Minister will be fully able to raise the loans that he wishes during next July or August. With these few words I take my seat."

The Hon'ble Mr. W. A. Ironside:—"My Lord, the question before us has been so fully dealt with by my Hon'ble friends Mr. Hogg, Sir Fazulbhoy Currimbhoy and Sir Dinshaw Wacha that I have no intention to go into the matter at any length. The disappointment to me is the fact that the super-tax has not disappeared from the Statute-book. It is a matter I talked for the past two years, and consequently I am not going to talk any more now, besides I know Sir James Meston's views on the matter. I am strongly in favour of Mr. Hogg's proposal in regard to the English firms who pay British income-tax being absolved from paying Indian super-tax. It is a question of fairness, these firms have paid to such an extent in the past that they are to-day less able to meet the future than we are.

"There is just one small point that I would like to bring before the Hon'ble the Finance Minister. Firms paying excess profits duties are allowed to take such payments as a charge on their business when paying income-tax. A few firms will pay super-tax instead of the excess profits duty. Under the Super-tax Act they are not allowed to take this in as a charge on their business. I should like, if possible, some easement be allowed to them, that is to say, the people who pay super-tax on the same lines but in place of excess profits tax should be allowed to take it as a charge on their business.

"Another point is that the machinery of collection, I know it is totally inadequate, it has been inadequate for years even for the purposes of income-tax, and it must be, and I hope Government will see to it, that the collection of this larger sum of money cannot be undertaken by one or two men on quite inadequate salaries. The fact that the machinery has been inadequate has

allowed a great number of people to escape in past years who should, and I daresay would, have been brought to book if it were adequate.

"It has been no pleasure to me to support a Bill which I knew would affect the commercial community so seriously. I have gone into the question very fully and accepted it as the least of other evils, as the best of a bad job, but I take this opportunity of stating that the best has been made of the bad job by our Hon'ble friend the Finance Minister, and with him I should also like to associate Sir George Lowndes as well. In the Select Committee we did our best to press for bargains; probably they thought us rather hard bargainers at times, but at any rate a hard bargainer has that benefit. He appreciates the qualities of the other side. In regard to Sir James Meston and Sir George Lowndes I wish to express myself in these terms."

The Hon'ble Sir James Meston:—"My Lord, I should like to touch very briefly in turn upon each of the speeches that have been made. What I tried to say in my opening remarks in regard to the future treatment of the super-tax will, I think, cover exactly what Mr. Hogg and Mr. Ironside have expressed as being what they desire.

"What we do intend to do is to have a complete review and, if possible, re-arrangement of the whole system of our taxation upon incomes as soon as the excess profits duty ceases to be levied. I think that must also be my answer to Mr. Ironside's suggestions for what may be called an *ad interim* adjustment as between the present super-tax and income-tax in the case of concerns which are not going to pay this excess profits duty. I am afraid also it must be the only answer that I can give at the moment to Mr. Hogg's very natural appeal that Government should bind itself not to re-enact this Bill next year. Frankly, it is quite impossible for Government to make a definite promise in a matter of this sort. It would be a very unprecedented, and I venture to say, a very dangerous, proceeding on the part of Government to commit itself as to the future of its taxation programme. Most of us have in mind the classic instance of Mr. Gladstone's expressed hopes in regard to the income-tax when it was first put into the English Statute-book. There is the position for Hon'ble Members to judge for themselves. We have made the Bill a one-year Bill, and we do hope next year to put the whole of our levy upon incomes on a more equitable, more consistent, more logical basis than the form that these levies assume at present.

"Then, my Lord, in reference to what fell from Mr. Hogg, I said before, and I gladly repeat it, that our assessing authorities and our Boards of Referees will be given instructions, definite instructions, to work, so far as is consistent with Indian conditions in accord with the law and the subsidiary rules under which the excess profits duty is now assessed and levied in the United Kingdom.

"I have to thank the Hon'ble Sir Fazulbhoy Currimbhoy for his friendly remarks on a subject on which I know he feels rather strongly. And our gratitude is due to Sir Dinshaw Wacha for the blessing that he has conferred upon the Bill . . . .

The Hon'ble Sir Dinshaw Wacha:—"The Newspapers will curse me."

The Hon'ble Sir James Meston:—"He never came to curse he came to bless; and a blessing of that sort comes with very special weight from a veteran authority like him. I thank him also for his good wishes for the future loan. I wish to assure him also that the rules made under the Bill will be translated into the vernacular when published in the provincial gazettes of Bombay and Bengal.

"I was very glad indeed to hear what the Hon'ble Mr. Ironside said in regard to our colleague the Law Member. I had intended in my opening remarks to say, and stupidly omitted it, that any obligations that Hon'ble Members feel or have expressed for the treatment of this measure in Select

Committee are almost entirely due to the Hon'ble the Law Member for his handling of this very complicated measure."

The motion was put and agreed to.

The Hon'ble Mr. H. F. Howard:—"My Lord, I beg to move that in clause 2 after the definition of 'business' the following definition be inserted, namely :—

''Chief Revenue-authority' means the Board of Revenue or the Financial Commissioner in provinces where those authorities exist, and in any other case such authority as the Local Government may declare to be the Chief Revenue-authority for the purposes of this Act.'

"This definition, my Lord, merely repeats the definition of 'Chief Revenue-authority' which appears in the Income-tax Act. We may possibly be asked why this repetition is necessary in view of the further provision in the Bill that 'all expressions used or embodied by reference in this Act which are not hereinbefore defined, shall have the same meaning as is attributed to them by the Indian Income-tax Act'. The position is briefly that unless this definition is separately inserted in our Bill, the words 'Chief Revenue-authority' would necessarily have the same meaning as they have in the Income-tax Act. This might not always be quite convenient in every case. It would be quite suitable in provinces in which there is a Board of Revenue or a Financial Commissioner, but in cases where these authorities do not exist, it may occasionally happen that the Local Government in the Revenue Department is the Chief Revenue-authority for purposes of the Income-tax Act. Now that arrangement is very suitable under the Income-tax Act, where the functions of the Chief Revenue-authority are mainly revisional, but the same would not necessarily be the case under this Bill, where the Chief Revenue-authority has much more personal functions, and it is in order to enable the Local Government to have some latitude in appointing the Chief Revenue-authority that we ask the Council to accept this small amendment."

The motion was put and agreed to.

The Hon'ble Rai Sita Nath Ray Bahadur:—"My Lord, before moving my amendment, I beg most respectfully to thank the Hon'ble Sir James Meston for the numerous changes that he was good enough to make in the Bill in the Select Committee. But though several important changes have been made, the main features of the Bill have not been touched at all, I may as well remark here that originally it was understood, when the subject was mooted at the Delhi Conference last year, that the excess profits tax would be imposed only on those who had made excess profits from the war. However, that principle has now been pushed aside and the net has been cast so that every fly may be caught in it.

"From the amendment which the Hon'ble Mr. Hogg is going to move and from what I heard in the Select Committee, it is evident that it is anticipated that a much larger sum will be realised than the £6 million or 11 crores of rupees. I understand—of course I have no authority for saying so—that a very large sum, three-fourths of the amount required to be raised from the excess profits tax, will be realised from Calcutta alone. It is therefore possible that a much larger sum than £6 millions will be raised. In that case there might be a necessity to give effect to the amendment to be moved by the Hon'ble Mr. Hogg, but that would be a very irksome, troublesome way of doing the thing. Instead of that, the Government have got the machinery, they have got the returns filed by different firms and individuals, from that they can now easily ascertain whether R6 crores or R11 crores, or R12 crores would be realised. Therefore, instead of levying the tax at the rate of 50 per cent., my amendment is that it might be levied at the rate of 33 per cent.

"But I would like to move another amendment, namely, that instead of fixing any definite amount now, it might be left to the discretion of the Government of India or the Governor General in Council to fix the rate at which the tax should be levied after ascertaining from the Collectors the amount that may be realised. The tax would be mostly realised from Bombay and Calcutta, and it

would be very easy to ascertain from the Collectors of those two places what amount would be realisable from the Excess Profits Duty. Therefore, I would like that it might be left to the discretion of the Governor General in Council to fix by notification the rate of the amount to be realised from the different firms, mills or parties affected. I would like either to move that, instead of 50 per cent., 33 per cent. should be substituted, or else that the rate at which the duty is to be levied might be left to the discretion of the Governor General in Council who would be entitled by a notification to fix it . . . .

His Excellency the President:—"The Hon'ble Member must make up his own mind as to which alternative he is going to put before this Council."

The Hon'ble Rai Sita Nath Ray Bahadur:—" I would like 33 per cent., but if that is considered low, I would beg to suggest as an alternative proposal that it might be left to the discretion of the Governor General in Council to fix by notification the rate at which the duty is to be levied. In that case the Governor General in Council would be entitled, according to his requirements, to fix the rate either at 33 per cent. or 40 per cent. or 45 per cent. or even 50 per cent. . . . .

His Excellency the President;—" I must really ask the Hon'ble Member to move the amendment which he has got on the paper; I really cannot put an alternative amendment to this Council. He must have one or the other."

The Hon'ble Rai Sita Nath Ray Bahadur:—" Very good, my Lord. I move that in Clause 4, for the words "fifty per cent.' the words 'thirty-three per cent.' be substituted. That is my first amendment . . . .

His Excellency the President:—" You have got two portions."

The Hon'ble Rai Sita Nath Ray Bahadur;—" And for the words 'thirty thousand' in the proviso 'fifty thousand' be substituted. These are the two amendments that I beg leave to move . . . .

The Hon'ble Sir Dinshaw Wacha:—" I rise to a point of order. I should like to know whether, if one amendment is moved and lost, the Hon'ble Rai Sitanath Ray Bahadur will be allowed to put a second amendment as an alternative."

The Hon'ble Rai Sita Nath Ray Bahadur:—" I have given up the alternative although it would have been more convenient to have it. However, I move that instead of the words 'fifty per cent.' the words 'thirty-three per cent.' be substituted, and that the words 'fifty thousand' be substituted for the words 'thirty thousand' in clause 4."

The Hon'ble Sir Gangadhar Chitnavis:—" My Lord, I beg to support the amendment.

" While I am in complete agreement with the generally expressed opinion of the country, both official and non-official, that such taxation is unjustifiable after the war, I find that the amendments made by the Select Committee and the one proposed by the Hon'ble Rai Sitanath Ray Bahadur are likely to bring some relief to the people who will be affected by this measure. Both the Hon'ble Rai Sitanath Ray Bahadur and myself suggested to the Select Committee these changes, but I am sorry to say they were not accepted by the majority in the Select Committee. I therefore again associate myself with him in the motion he now brings forward in the Council this morning, as I think this would be a more convenient method of keeping industries in an industrially backward country like India, and especially because men with smaller profits will be able to invest more money in small industries. Capital, my Lord, has always been shy in this country, and I am sure this

measure is likely to make it more so, especially at a time when India will have to compete with countries of an advanced type in the matter of industrial development. Capital which has to be conserved for this purpose is likely to be dissipated. There is also some danger that instead of giving any impetus to nascent industries, it may perhaps create distrust among the more nervous and encourage the declining habit of hoarding which both Government and the people who wish the prosperity and the advancement of this country so much deplore. My Lord, India is at the present moment pre-eminently in need of encouragement in the matter of small industries than it was ever before, and it is to be regretted that at a time when she is in a position to do so and to make some advance in that direction, at that very time she should be even to some small extent handicapped by a measure like this. There are already signs of coming troubles in the industrial and economic life of the country. The high prices that are now ruling all over the country and the denial they bring to the people not only of comforts but even of the bare necessaries of life more than ever necessitate the urgency of opening of new and extensive spheres for the employment of our rapidly increasing population, and that also of a more remunerative character by making it possible for capital to thrive and prosper, and thus enable labour to largely share in those profits. Reference has been made in the Finance Member's speech to the fact that the law in England on this subject is much more drastic than the measure now contemplated. My Lord, it is true England may have had to pay much heavier taxation than India in connection with this war. My Lord, it is also true that the necessities of the State have to be duly and primarily considered, and, that being so, it behoves people both there and here ungrudgingly to bear the burdens which the necessities of the situation demand. But, my Lord, there are at the same time many differentiating circumstances between England and India which have to be duly weighed and considered. Fiscal autonomy and all its advantages are here denied to us. It has also to be remembered that what is possible in England is not possible in India, when the average income of individuals and the accumulated experience of centuries in this matter of industrial development in that country are considered. In the second place, it has to be borne in mind that this high rate of taxation at a time like this, even though it may be on profits made in the war, will be like killing the goose that lays the golden eggs. Industries are not so far advanced in this country as they are in England. India is moreover an agricultural country, and all possible efforts are now being made both by Government and the people to improve its industrial condition and to make the country more dependent on industries other than agriculture. It is therefore, as far as this country is concerned, not proper that taxation at such a heavy rate should be placed on industries more especially after the war at a time of reconstruction like this. It would be more desirable if a larger portion of these profits could be employed in the fructification of new industries and the development of old ones, so that Government would be able to take away from these industries much more money in the shape of taxation in the long run than what the present tax will bring. My Lord, such heavy rate especially on small industries will not only give a set-back to the growth and promotion of indigenous industries, but also may have the effect of preventing the importation of foreign capital which is so very necessary at the present moment to find remunerative employment for our vast population in a manner that it should remain and work above want. The development of industries and the country generally will depend upon the start that will be given at the present moment of reconstruction and on the creation of a belief that India is a home for good investment. It is also necessary that the substantial Indian public both in the presidency-towns and the mofussil should acquire the joint stock habit and associate themselves with sound commercial enterprises outside their own narrow ideas to make them useful citizens of the world. What I mean to say is, that a smaller levy, proportioned to the capacity and circumstances of the people affected thereby, coupled with the exemption from this heavy duty of profits below ₹50,000, will have the above desirable effect, and it is because this amendment reserving to Government the power to increase, when essentially necessary if accepted is sure to have that effect, that I beg to give it my cordial support."

The Hon'ble Maharaja Sir Manindra Chandra Nandi:— "My Lord, while according my whole-hearted support to the principle of this Bill—by which I understand that, if the revenue of the State has got to be raised by taxation to meet urgent liabilities, the burden should fall on the shoulders of the well-to-do—I think it is just fair that the incidence of taxation should not be heavy on their shoulders either. A levy of 50 per cent. upon the excess profits of a company seems to me rather too heavy, and, in view of the fact that a similar tax has just been remitted in England, I would beg of you, my Lord, to consider the amendment of my friend, Rai Bahadur Sitanath Ray, and allow it to be incorporated in the Bill under discussion. I have also very great pleasure in supporting the second portion of my friend's amendment, which runs to the effect that the amount of this duty shall not exceed such sum as would reduce the profits of any company, in the accounting period, below ₹50,000. This, I am quite sure, my Lord, will keep some little margin in the hands of all companies to face the dark days of struggle and competition which are before them. I have no doubt, my Lord, that, in your attempt to raise revenue, the Government of India do not desire to paralyse existing or nascent industries, which, in many countries of the world, are fed up and supported by State bounties. I hope, my Lord, in view of the above fact and the industrial renascence to which we are all looking forward with such confidence, the Council will see its way to agree to the reduction in the terms of my friend's amendment."

The Hon'ble Sir Fazulbhoy Currimbhoy :— "My Lord, as far as I understand my friend the Hon'ble Rai Sitanath Ray Bahadur, he is not objecting to giving the required amount—6 million sterling; yet the method he suggests is this, that the percentage should be reduced to 33 per cent ; and later on if the amount falls short of the required 6 millions, then the Government should again raise the percentage. My Lord, I think this is a very objectionable method, and it will mislead the commercial public into believing that the tax has been reduced to 33 per cent. I think the better course is to accept the Hon'ble Mr. Hogg's amendment, which is next coming before Council; and therefore, I think, it would be better if my Hon'ble friend Rai Sitanath Ray Bahadur withdrew the first part of his amendment."

The Hon'ble Sir James Meston:— "My Lord, the difficulty about accepting the first amendment moved by the Hon'ble Rai Sitanath Bahadur is frankly that we want £6 million sterling. Our estimates give us £6 million sterling, if we assess at 50 per cent. If we assess at 33 per cent., the tax will give us £4 million sterling, and £4 million sterling is not enough to let us balance our accounts. I quite agree with the Hon'ble Sir Fazulbhoy Currimbhoy that we should be in an extraordinarily difficult and foolish position if we found, in the course of the year, that an assessment of 33 per cent., assuming that we accepted this amount—that an assessment of 33 per cent. gives us very much less than we wished and we have to come again before the Council and ask for an amendment in an upward direction. If the Hon'ble Mover had shown me any way of making good a deficiency of that sort without coming to the Council, one would have gladly looked at the matter in a different light. I must therefore, I am afraid, oppose the first part of his motion; and if it is any solace to him in regard to the alternative which your Excellency did not permit him to put forward, if it is any solace to him, I can assure him that the whole ground which he hoped to traverse will be effectively covered in dealing with the amendment which stands in the name of the Hon'ble Mr. Hogg.

"Coming to the second part of the Hon'ble Member's amendment, I wish to point out, my Lord, that this means in effect raising the exemption in the Schedule from ₹30,000 to ₹50,000, which the Hon'ble Member has not proposed. It is difficult to deal with this isolated proposition without referring to the Schedule. However, the matter is not really of very great importance. In England, there is no minimum figure of this sort. Incidentally I was surprised to hear from the Hon'ble Maharaja of Cossimbazar just now that in England the excess profits duty had been withdrawn. I was not aware of that. I knew it was proposed to some extent to reduce it, but I am not sure that there is any

question of immediate withdrawal. In England, there is no minimum figure of the sort which is proposed in this Bill. All the profits in England which exceed the pre-war standard are liable to assessment except £200. Here we took the arbitrary figure that we did in order to protect the small assessee and to keep small businesses from being harassed by the assessment and levy of this duty. The figure is avowedly an arbitrary one. There is no more virtue in ₹50,000 than in ₹30,000. But a business, I submit, which yields half a lakh of excess profits is, as Indian businesses go, not altogether regarded in the public mind as a petty concern which the tax-collector ought to neglect. If we had taken ₹50,000 as our figure, I expect the Hon'ble Member would have asked us to make it ₹75,000. However, the Hon'ble Member has not convinced me that there is any great hardship involved in inserting the figure we have proposed; and I am afraid that I must oppose the second part of his amendment also."

The Hon'ble Rai Sita Nath Ray Bahadur:—"My Lord, I made this suggestion for the reduction of the duty to 33 per cent. solely in the belief that a much larger amount would be realised than the amount required; but if the Hon'ble the Finance Member is sure that such a sum cannot be raised by fixing the rate at 33 per cent., then I do not wish to press it or to press the other part of my amendment, which requires that the profits should not be less than ₹50,000. Here again I had hoped that the amount realisable by this means would be much greater than the amount required by the Government. It was in that belief that I ventured to put forward this amendment; but if the Hon'ble Member's impression is that the effect of my amendment would be to reduce the amount which this Bill is introduced to bring in, then I would be the last person in the world to press it."

The motion was put and negatived.

The Hon'ble Mr. Ayyangar's amendment that in clause 4 for the words 'fifty per cent.' the words 'thirty-five per cent.' be substituted was by leave withdrawn.

The Hon'ble Mr. Malcolm Hogg:—"My Lord, I beg to move that after the proviso to clause 4 the following further proviso be inserted:—

'Provided further that if the total amount of duty charged, levied and paid under the provisions of this Act exceeds the sum of eleven crores of rupees, there shall be refunded to each person who has paid excess profits duty a sum which shall bear as nearly as may be the same proportion to the excess over eleven crores as the duty paid by the said person bears to the total amount of duty paid under the provisions of this Act.'

"The purpose of this amendment, my Lord, is, I think, perfectly plain and requires very little explanation. Undoubtedly, the provision which I suggest is an unusual one; but so is the tax. The tax is an unusual one levied under special circumstances, levied to meet certain special war expenditure and for that purpose only. Therefore I do not think that the fact that the proposal for refund is unusual is necessarily an argument which need rule that proposal out. The reply which the Hon'ble the Finance Member gave to the amendment moved just now by my friend the Hon'ble Rai Sita Nath Ray Bahadur has given me great hopes that he intends to accept my amendment, because my amendment is designed to meet the very difficulty which prevented the Hon'ble the Finance Member from accepting my Hon'ble friend's amendment. In fact, my Lord, I go further and I claim that the Hon'ble the Finance Member is really the father of my amendment far more than I am myself. I would refer to his speech on the introduction of this Bill. He said 'Another, and really the only other, suggestion of any value was that while standing by our proposals, we should be content with a smaller share of the current year's profits, say one-third instead of one-half. I can assure the Council that this proposal was very carefully examined, and that at one time we had hopes of being able to accept it, but since that time there has come upon us a large additional liability for the maintenance of our Army, which will add over £2 millions, probably £2½ millions, to next year's expenditure. A third of the assessable profits, if Hon'ble Members followed the brief calculation I tried to place before them a few minutes ago, would have given us £4

millions and that would not, have been enough with a gap of very nearly £6 millions to fill; and I am afraid we have been driven by force of circumstances to fall back upon the full 50 per cent. Well, my Lord, that amounts to this, that the Hon'ble the Finance Member would have been very glad to have reduced the percentage from 50 per cent. if his estimates had enabled him to do so. And it, therefore, comes to a question of whether those estimates are correct or not. It is very generally thought, as far as I can ascertain, in commercial circles that the estimates are very much on the conservative side. I have received estimates from gentlemen of considerable position and commercial experience in Bombay giving estimates which are practically double those of the Finance Member. But the difficulty about the matter, my Lord, is that it is just as difficult for non-officials to prove the accuracy of their estimates as it is for the Hon'ble the Finance Member to prove the accuracy of his, and it is obvious that in a matter of this sort, a new tax with no experience to go upon, the estimates must be very largely a matter of guess work and may possibly be very considerably out. I, therefore, propose, in order to get over the difficulty which is felt by the Hon'ble the Finance Member, namely, that the estimates do not justify any reduction in the percentage, that if his estimates prove to be wrong, and if the yield of the tax is in excess of the amount which he desires to get, there should then be a proportionate refund to those people who have paid the tax. It seems to me a perfectly logical and simple way out of the difficulty.

"There is just one other point which requires explanation, and that is, why I have taken the figure of 11 crores. In the calculation which the Hon'ble the Finance Member gave us when introducing the Excess Profits Bill, he calculated that the profits assessable would be 22½ crores out of which Government would get 50 per cent., *i.e.*, 11¼ crores; he then proceeded to show that in order to get 6 millions (taking the exchange at 1*s.* 4*d.*) according to his calculation he required 7⅓ million gross yield to get 6 millions net. My Lord, I think that the Hon'ble the Finance Member's calculations are open to a little criticism. For instance, the Hon'ble Member reckons that he will lose about a million by super-tax. I do not know exactly how that is worked out; but it appears to me to be worked out on the assumption that practically the whole yield of the excess profits duty would have to pay super-tax, most of it at the maximum rate of 3 annas, if it was not paid in excess profits duty. That assumption I believe to be a fallacy. I believe a great proportion of this excess profits duty will come from public companies. We know that in one of the largest industries in the country, the jute industry, most of the companies in the recent times of prosperity have already put very large amounts to their various reserve and depreciation funds, and that if they did not have to pay excess profits duty this year, they would probably not put any substantial portion of that money to reserve, but would distribute the greater part of it in dividends. Naturally, therefore, a great deal of the money which will be paid in excess profits duty would, if it were not so paid, be distributed and therefore not liable to super-tax. I think therefore that the Hon'ble the Finance Member is taking rather a high figure in estimating one million. So that I think I may reasonably knock off that extra ¼ crore which he says he requires.

"There is just one other point, and it is about the exchange which is taken at 1*s.* 4*d.* If any part of the expenditure to be met out of this excess profits is in sterling payments, there is a considerable gain up the sleeve, the capacious sleeve, of the Hon'ble the Finance Member. It is impossible for me to say how much of that expenditure is in sterling and how much of it in rupees. Therefore, I leave to the Finance Member the 1*s.* 4*d.* exchange; it merely strengthens my case that 11 crores is sufficient."

The Hon'ble Mr. Srinivasa Sastri:—"My Lord, I will ask for a little enlightenment on a question of principle. Does not the Hon'ble Mr. Hogg's amendment really amount to a measure for remission of taxation? If it is a measure for the remission of taxation, it appears to me it is very unusual to make it part of a taxation measure. Suppose instead of this duty yielding more than 6 millions, suppose instead of that it happened that some one of our other taxes did not yield the amount that was expected of it and there was a general deficit, is it not a proper thing that the excess this taxation

yields should be made to make up for that deficit ? Is every piece of taxation to be considered responsible for so much of our revenue and the moment it yields more should there be a remission of taxation under that particular head ? I have always understood that when taxes yielded much more than was expected of them, it was treated as a general surplus or excess, and the various interests of the country would be considered together as to which it was in whose case the necessity of remission was most urgent. I suppose the amount of 6 millions has been fixed somewhat arbitrarily. If we have anything more we could spread it over others ; and I am not sure that if we came to consider at this time, when every part of India is hard pressed by one kind of difficulty or other of a financial nature, I am not sure if we came to consider the matter if we had a little more money to spare whether it would be the commercial community that would be most entitled to a remission of taxation. I want to know if this is or is not a measure for remission of taxation brought in under cover of an amendment."

The Hon'ble Mr. W. A. Ironside:—" My Lord, I have very little to say in support of the amendment moved by my friend Mr. Hogg who has stated the case fully and concisely. As to the point which has been made by the Hon'ble the Finance Member on the question of refund, the Hon'ble Member still has power to reduce the percentage of taxation, if it be not constitutional to make a refund. I think the only reply to the Hon'ble Mr. Sastri's point is that the tax is a special one, it was imposed for a definite and special purpose and has required special provisions for its enactment. Consequently I think that the people who pay the tax whether they be the commercial community or anybody else, should be protected from paying more than is absolutely necessary."

The Hon'ble Sir Fazulbhoy Currimbhoy:—" My Lord, I beg to support the amendment moved by the Hon'ble Mr. Hogg. It is a very fair suggestion and I hope the Hon'ble the Finance Member will accept it. As regards the Hon'ble Mr. Sastri's difficulties that the Government cannot remit the taxes, and that the extra money they get must be spent in other ways. When the Resolution for £45 millions was accepted by the Council it was on an assurance that the extra money raised on account of this Resolution will be for the army and for pensions and for war purposes. I think therefore that it is not right that the commercial community should be overtaxed. I hope that the Hon'ble the Finance Member if he cannot remit taxation will reduce the percentage."

The Hon'ble Sir Dinshaw Wacha:—" But supposing that the Hon'ble the Finance Member does not get his £6 millions, then what is to happen ? If he only gets £4 millions ? That is a dilemma which will have to be faced. I think the conservative estimate of the Hon'ble Sir James Meston may be accepted, and even supposing there is a remission of taxation this is a particular kind of taxation, which will need to be remitted under a certain contingency. It is not general taxation."

The Hon'ble Sir James Meston :—" As the Hon'ble Sir Dinshaw Wacha has truly said, this raises the whole question of the accuracy of the estimates prepared by the Finance Department. If our critics are wrong and we accepted their proposals we should be left in 'Queer Street'. The Hon'ble Rai Sitanath Ray asked us for an assurance that we required the 50 per cent. in order to get £6 millions. The Finance Department does not profess to be a prophet. The budget is only a forecast, it is not a prophecy. The fact is that we do make the very best estimates that we can on the very uncertain factors that are before us. I do not wish to explain in detail how we arrived at those estimates, it would be rather embarrassing and it might even be invidious and undesirable for the particular trades interested. But this I may say that we got through the courtesy of the Bengal Chamber of Commerce a statement of profits for the past year in the jute industry. We have been told that it is the jute industry that is going to bear the lion's share of taxation. I doubt whether the aggregate estimates are seriously wrong. Then take the case of cotton ; there we have

certainly not taken a high figure, but every allowance had to be made for the recent labour troubles and the slump in the price of cotton materials. Mr. Hogg has told us that from Bombay he has received advices which would double our estimates. I may say in confidence that the original Bombay estimates were doubled by ourselves. If this continues and we double the figure again, it will become a regular game of poker. The fact is that many elements in the forecast are uncertain; for jute we had actuals; for other trades, including cotton, we took a fair hypothetical figure; but we neglected no source of information that was available. On the whole I prefer at present to stand by our original estimates of 22 crores as being the aggregate on which we shall assess the Government share. Mr. Hogg has explained why 11 crores, the half of this figure, is equivalent to £6 millions for our present purposes. I shall not follow him over the criticisms to which he has exposed that estimate. I could have satisfied him if time had allowed, but I may incidentally say that the exchange gain which accrues on our ordinary transactions in England will not accrue in regard to the amounts to be devoted entirely to the payment of Indian troops. Mr. Hogg's proposal comes to this that, if we are in earnest in our desire to get only £6 millions net, we ought to demonstrate the sincerity of our intentions by agreeing to refund anything in excess of that sum which our actual assessments may bring in. The Hon'ble Mr. Sastri has said that this would be a very unusual expedient in taxation procedure and I agree. When one looks to the future as well as to the present it might create a very embarrassing precedent. I fear that it is impossible for Government to accept the amendment in the form in which it stands. We are however in earnest in our desire not to take more than £6 millions net and not to employ the proceeds of this tax for any purposes except the redemption of the obligation which we undertook last September. I must ask the Council to be content with this assurance and with the further undertaking that, if Mr. Hogg is right and we are wrong, we shall consider the whole position again later in the year when the actual assessments are known, and we shall see whether it is possible to bring the position into accord with our present intentions. The collection of the instalments of duty will be regulated with a view to making such review of the situation capable of being effective. I am afraid I cannot say more than that. I must oppose the motion."

The Hon'ble Mr. Malcolm Hogg:—"My Lord, in view of the assurance given by the Hon'ble the Finance Member that though he cannot accept my motion he will attempt to apply the spirit of it, if necessary, later in the year. I beg leave to withdraw my motion."

The motion was by leave withdrawn.

His Excellency the President:—"The next item on the List of Business is an amendment to clause 7 to be moved by the Hon'ble Sir James Meston. As I understand it, that would be consequential on the amendment which is to be moved to clause 11. I think, therefore, that Council will agree that it should be postponed until the amendment to clause 11 has been disposed of. Is not that so?"

The Hon'ble Sir James Meston:—"Yes, my Lord."

The Hon'ble Mr. Malcolm Hogg:—"My Lord, I beg to move that in clause 7 (*f*) for the words 'any liability' the words 'the liability of any part' be substituted.

"This is a small amendment merely intended to make the intention clearer, but it is perhaps necessary to explain the intention of this clause to the Council. In Schedule I the Bill excepts any business which is likely to pay in respect of the accounting period an excess profits duty in the United Kingdom. It was pointed out in the course of our discussions that there were some businesses which though really on the same footing would not come within the provisions of the exception. I refer to businesses of the nature—but perhaps the easiest way is to give a simple illustration. I believe they are not uncommon. You have a firm of the name of Jones and Co. in London, with three

partners and you have a firm of the name of Jones and Co. in Calcutta with the same three partners and perhaps two additional local partners. The greater part of the profits from Calcutta go into the firm in London and there they are assessable to excess profits duty in the United Kingdom although the actual firm in Calcutta is not so assessable. It is to cover such cases that this sub-clause is proposed. I propose to amend it by substituting for the words 'any liability' the words 'the liability of any part.' As it stands it might have been interpreted to mean that a firm could only claim remission under this sub-clause if the whole of its profits were subject to some kind of liability. The intention is that if any part of the profits are liable to English excess profits duty the relief should be claimed. It is to make this intention quite clear that I move the amendment."

The Hon'ble Sir James Meston:—"My Lord, the Government accepts this amendment."

The motion was put and agreed to.

[At this stage the Council adjourned for Lunch till 2-15 P.M.]

The Hon'ble Mr. H. F. Howard:—"My Lord, Sir James Meston has asked me, if you have no objection, to move this and one or two other amendments that stand in his name. I beg to move that in sub-clause (*1*) of clause 9 after the words 'on the application' the words 'made before the 30th June 1919' be inserted. The position is that clause 9, which was inserted by the Select Committee, is intended to cover cases of hardship extending over classes of business. Well, it is obviously desirable that the principles governing the assessment of such classes of businesses should be decided at as early a date as possible, so that they may afterwards be applied to individual cases. Two such classes of business, as Sir James Meston explained, would be the cases of new companies and of controlled companies. We have mentioned the 30th of June in order to give people plenty of time, but of course we shall be only too glad if those interested will send in their applications at an earlier date, if possible."

The motion was put and agreed to.

The Hon'ble Mr. H. F. Howard:—"My Lord, I beg to move that clause 11 be re-numbered as sub-clause (*1*) of clause 11, and that to sub-clause (*1*) of clause 11 as re-numbered, the following sub-clauses be added, namely:—

'(*2*) At the time of furnishing such particulars such person shall—

(*a*) state the method which he desires to be adopted for the purpose of—

(*i*) ascertaining the profits of the business in the accounting period under section 5, and

(*ii*) determining the standard profits under section 6, and

(*b*) make any application which he desires to make under section 7 for an allowance in the calculation of the amount of the excess profits duty.

(*3*) Where any person fails, without reasonable cause or excuse, to comply with the provisions of clause (*a*) of sub-section (*2*), the Collector shall proceed to ascertain the profits of the accounting period and to determine the standard profits by such method, provided in this Act, as he thinks fit.'

"This amendment also is mainly consequential on the amendments introduced in Select Committee. We have given new options both as regards the accounting period and as regards the method by which standard profits should be determined. We have, therefore, thought it reasonable to ask the Council to add a clause requiring the assessee to put in, with his return, his claim to exercise any of the options which we have now given. That is to say we desire that he shall ordinarily put in any claim of the kind when he furnishes his income-tax returns with the further particulars which the Collector may ask for. The assessee should by that time be in a position to know which of these options suits him best."

The motion was put and agreed to.

The Hon'ble Mr. H. F. Howard:—" My Lord, I move that in clause 7 after the words ' on the application ' the words ' (made in accordance with the provisions of clause (*b*) of sub-section (*2*) of section 11) ' be inserted.

This amendment is merely consequential on the amen dment to clause 11, to which the Council has just agreed, and I do not think any further explanation is required."

The motion was put and agreed to.

The Hon'ble Mr. Malcolm Hogg:—" My Lord, I beg to move that in clause 18 (*2*) (*c*), after the word ' ownership ' the words ' during any period which can be selected for the purpose of ascertaining standard profits, or during any subsequent period prior to the commencement of this Act ' be inserted.

This amendment is merely intended, my Lord, to make the intention clearer. Clause 18 is a rule-making power and rules will be required to govern not only cases where there has been a change of ownership during the accounting period, but also cases where there has been a change of ownership during any period subsequent to the earliest date which can be taken for the standard period. As the clause stands at present, I think it might be limited by inference by clause 14, because clause 14 is the only other place in the Bill where a change of ownership is mentioned ; and that clause, dealing only with the person liable to be assessed refers to change of ownership only during the accounting period. I think, therefore, to make the intention of clause 18 quite plain, these words should be added so that there will be no danger of misunderstanding."

The Hon'ble Sir James Meston:—" My Lord, there is no objection on the part of Government to accepting this amendment."

The motion was put and agreed to.

The Hon'ble Mr. K. V. Rangaswamy Ayyangar:—" My Lord, I beg to withdraw my amendment that in Schedule I, after item 5, the following item be added :—

' 6. Any business the income of which is derived from banking or money-lending '.

The amendment was by leave withdrawn.

The Hon'ble Sir George Lowndes:—" My Lord, I only desire to call the attention of the Council to certain drafting alterations that have been made in the Bill. They are all of a small character, and, if Hon'ble Members will follow me, I will read them out.

' *Clause 6* :—In sub-section (*2*) for the words ' sub-section (*1*) (*b*) ' the words ' clause (*b*) of sub-section (*1*) ' have been substituted. In the proviso to the same clause for the word ' ascertaining ' the word ' determining ' has been substituted.

" ' *Clause 8* :—(*a*) In sub-section (*1*) for the word ' their ' the word ' its ' has been substituted.

" (*b*) In sub-section (*5*) for the word ' them ' the word ' it ' has been substituted.

" ' *Clause 9* :—In sub-section (*1*) after the words ' excess profits ' the word ' duty ' has been inserted.

" ' *Clause 13* :—For the word ' time ' the word ' times ' has been substituted.

" ' *Clause 15* :—After the words ' instead of ' in line 9 the word ' to ' has been inserted.

" ' *Clause 18* :—In clause (*a*) of sub-section (*2*) for the words ' section 6 (*1*) (*a*) ' the words ' clause (*a*) of sub-section (*1*) of section 6 ' have been substituted.

" ' *Clause 20* :—Before the words ' Income-tax Act, 1918 ' the word ' Indian ' has been inserted.'

The marginal notes to clauses 8, 10, 15 and 20 have been slightly altered."

The Hon'ble Sir James Meston:—"My Lord, I beg to move that the Bill, as amended, be passed."

The Hon'ble Mr. Malcolm Hogg:—"My Lord, before this Bill is finally passed, I should like to take this opportunity of associating myself with what was said by the Hon'ble Mr. Ironside about the patience which the Hon'ble Member for Finance and the Hon'ble the Law Member have displayed in dealing with our various contentions and amendments in the proceedings of the Select Committee, and the very fair and reasonable spirit in which they met us."

The motion was put and agreed to.

The following Act of the Indian Legislative Council received the assent of the Governor General on the 20th March, 1919, and is hereby promulgated for general information :—

ACT NO. X OF 1919.

An Act to impose a duty on excess profits arising out of certain businesses.

WHEREAS it is expedient to impose a duty on excess profits arising out of certain businesses; It is hereby enacted as follows :—

Short title and commencement.

1. (*1*) This Act may be called the Excess Profits Duty Act, 1919.

(2) It shall come into force on the 1st April, 1919.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

" accounting period " means the twelve months ending on the 31st March, 1919, or if the accounts of the business have been made up within the said twelve months for the purposes of the Indian Income-tax Act, 1918, in respect of a year ending on any date other than the said 31st March, then the year ending on that other date ;

VII of 1918.

" business " includes any trade, commerce or manufacture, or any adventure or concern in the nature of trade, commerce or manufacture ;

" Chief Revenue authority " means the Board of Revenue or the Financial Commissioner in provinces where those authorities exist, and in any other case such authority as the Local Government may declare to be the Chief Revenue-authority for the purposes of this Act ;

" prescribed " means prescribed by rules made under this Act.

All expressions used or embodied by reference in this Act which are not hereinbefore defined shall have the same meaning as is attributed to them by the Indian Income-tax Act, 1918.

VII of 1918.

Application of Act.

3. This Act shall apply to every business (other than the businesses specified in Schedule I) which is, during any part of the accounting period, either carried on in British India by any person or owned or carried on in any place in India by a person ordinarily resident in British India.

Imposition of excess profits duty.

4. Subject to the provisions of this Act, there shall, in respect of any business to which this Act applies, be charged, levied and paid on the amount by which the profits in the accounting period exceed the standard profits, a duty (in this Act referred to as " excess profits duty ") of an amount equal to fifty per cent. of that excess :

Provided that the amount of the said duty shall not exceed such sum as would reduce the profits in the accounting period below thirty thousand rupees.

Ascertainment of profits in the accounting period.

5. The profits of a business in the accounting period shall, at the option of the person by whom the excess profits duty in respect of that business is payable be or deemed to be,—

VII of 1918.

(*a*) the taxable income as finally ascertained for the purposes of the Indian Income-tax Act, 1918, or

(*b*) when the accounting period in respect of the business ends on any date other than the 31st March, 1919, and the accounts of the business are made up for an additional period ending on the said 31st March, a sum which bears the same proportion to the taxable income of the total period (such taxable income being ascertained as nearly as may be in accordance with the provisions of the said Act) as a period of one year bears to the total period.

Explanation.—The profits in the accounting period shall, notwithstanding any composition in force for the purposes of the said Act, be actually ascertained in accordance with the provisions of that Act.

Standard profits.

6. (*1*) The Standard profits of a business shall be as follows :—

(*a*) an amount calculated at the rate of 10 per cent. or at such rate not being less than 10 per cent. as may be prescribed, on the capital of the business as existing at the end of the accounting period, in which case the capital of the business shall, for the purposes of this Act, be ascertained in accordance with the provisions of Schedule II ; or

(*b*) at the option of the person by whom excess profits duty in respect of the business is payable—

(*i*) if the profits of the business have been assessed in the years 1913 and 1914 for the purposes of the income-tax law then in force—the aggregate of half of the profits so assessed and half of the interest, if any, received in those years on securities forming part of the assets of the business ; or

(*ii*) if the profits of the business have been assessed for the said purposes in the years 1913 and 1914, and in two only of the three years 1915, 1916 and 1917—the aggregate of one-fourth of the profits so assessed and one-fourth of the interest, if any, received in the same four years on securities forming part of the assests of the business ; or

(*iii*) if the profits of the business have been assessed for the said purposes in all the five years 1913, 1914, 1915, 1916 and 1917—the aggregate of one-fourth of the profits assessed in the years 1913 and 1914 and in such two of the years 1915, 1916 and 1917 as may be selected by the said person and one-fourth of the interest, if any, received in the same four years on securities forming part of the assets of the business :

Provided that if the average capital employed in the business in the years adopted for the purpose of determining the standard profits is less or more than the capital so employed at the end of the accounting period, there shall be made to or from the standard profits an addition or a deduction, as the case may be, which shall bear to the standard profits the same proportion as such increase or decrease of capital bears to the average capital so employed in the years so adopted.

Explanation.—For the purpose of ascertaining the average capital employed, the capital employed in the business in any year shall be deemed to be the capital so employed at the end of that year :

Provided further that if the assessment in any of the said years was made in respect of a period of less than twelve months that assessment shall, for the purpose of determining the standard profits, be proportionately increased.

(*2*) If a composition for income-tax was in force in any of the years 1913, 1914, 1915 1916 and 1917, such composition shall be deemed for the purposes of clause (*b*) of sub-section (*1*) to have been the assessment and the profits shall be determined in accordance therewith :

Provided that the person by whom excess profits duty in respect of the business is payable shall, notwithstanding any such composition, be entitled to have an assessment of the profits of the business made for the purpose of determining the standard profits, in the same way as the assessment would have been made if no such composition had been agreed upon.

(*3*) Each of the years referred to in sub-sections (*1*) and (*2*) shall be deemed to be the twelve months commencing with the 1st of April in the year mentioned.

(*4*) Notwithstanding anything contained in this section no increase of capital made after the 31st December, 1918, shall be taken into account in any case, and no such increase before that date shall be taken into account when it appears or to the extent to which it appears that the increase was made with intent to evade or has the effect of evading the payment of the excess profits duty.

Power to Collector to make allowances for special circumstances.

7. On the application (made in accordance with the provisions of clause (*b*) of sub-section (*2*) of section (11) of any person chargeable with excess profits duty alleging that, owing to any of the following circumstances, namely :—

(*a*) any change in the constitution of a partnership of which he is or was a member,

(*b*) any postponement or suspension, as a consequence of the present war, of renewals or repairs,

(*c*) any exceptional depreciation or obsolescence (including the cost of replacement during the accounting period) due to the present war of assets employed in the business,

(*d*) the provision in connection with the requirements of the present war of plant or machinery which will not be required for the purposes of the business after the termination of the war,

(*e*) the fact that the assets of the business consist to any material extent of shares in a company the business of which is itself chargeable1 to excess profits duty,

(*f*) the liability of any part of the profits of the business to excess profits duty in the United Kingdom, or

(*g*) any special circumstances connected with the nature of the business or the period for which any profits are ascertained or determined,

the provisions of this Act for the calculation of excess profits duty operate unfairly in his case, the Collector may make such allowances in calculating the amount of the duty as seem to him to be necessary to meet the special circumstances, provided that any such allowance shall not reduce the amount of duty payable under the provisions of the Act by more than twenty-five per cent. without the previous sanction of the Commissioner.

8. (*1*) If any person who has applied under section 7 is dissatisfied with the decision of the Collector on his application, he may appeal to the Chief Revenue-authority which shall, at the option of such person, either itself decide such appeal or refer it to a Board of Referees to be appointed by the Local Government. The Board shall hear and consider any appeal so referred and shall communicate its decision to the Chief Revenue authority.

Appeal to Chief Revenue authority.

(*2*) The Chief Revenue-authority and the Board shall be entitled to take into account any of the circumstances specified in section 7, and to modify the decision of the Collector with reference thereto in such way and to such extent as they may consider just and equitable.

(*3*) Every Board of Referees appointed under this section shall consist of three or, in cases which the Local Government considers to be of difficulty or importance, of four persons. When the Board consists of four persons, the Local Government shall appoint one of the members to be Chairman. In any case at least two members of the Board shall be persons not in the service of Government and having in the opinion of the Local Government adequate business experience.

(*4*) In case of a difference of opinion between the members of the Board, the opinion of the majority shall prevail. When the Board consists of four members and the members are equally divided in opinion, the Chairman shall have a second or casting vote.

(*5*) The decision of the Chief Revenue-authority on any appeal under this section or of the Board where an appeal is referred to it shall notwithstanding any other provision of this Act be final and shall be deemed to be the basis of assessment in the particular case.

9. (*1*) The Governor-General in Council may, on the application made before the 30th June, 1919, of any person alleging that owing to special circumstances to be stated in the application the provisions of this Act for the calculation of excess profits duty would operate unfairly in the case of any class of business in which such person is engaged, refer such application for the report of a Board of special Referees to be appointed in this behalf by the Governor General in Council.

Power of Governor-General in Council to deal with hardship in case of a class of business.

(*2*) Every Board appointed under this section shall consist of four persons of whom at least two shall be persons not in the service of Government. The Governor General in Council shall appoint one member to be Chairman.

(*3*) On receipt of the report of the Board, the Governor General in Council shall consider the same and pass thereon such orders as he thinks fit. Any such order may vary the basis or method of assessment in respect of the class of business so reported on, and any variations so made shall be deemed to be modifications of this Act in respect of the matters to which they relate and this Act shall apply accordingly.

10. Every liquidator of a company which is being wound up at the commencement of this Act or is wound up after the commencement of this Act and which is chargeable to excess profis duty shall, before the 31st May 1919, or within two months of the commencement of the winding up, as the case may be, give notice of the fact to the Collector.

Notice to be given by liquidator that excess profits have been made.

11. (*1*) The Collector may, for the purposes of this Act, require any person whom he believes to be engaged in any business to which this Act applies or to have been so engaged during the accounting period or in the year ending on the 31st March, 1912, or on the 31st March in any year thereafter, to furnish him within two months after service upon him of a notice to that effect with such particulars in connection with the business as the Collector may require.

Returns for the purposes of the Act.

(2) At the time of furnishing such particulars such person shall—

(*a*) state the method which he desires to be adopted for the purpose of—

(*i*) ascertaining the profits of the business in the accounting period under section 5, and

(*ii*) determining the standard profits under section 6, and

(*b*) make any application which he desires to make under section 7 for an allowance in the calculation of the amount of the excess profits duty.

(*3*) Where any person fails, without reasonable cause or excuse, to comply with the provisions of clause (*a*) of sub-section (*2*), the Collector shall proceed to ascertain the profits of the accounting period and to determine the standard profits by such method provided in this Act as he thinks fit.

12. If a person fails, without reasonble cause, or excuse, to give to the Collector in due time any notice required by section 10 or to furnish any particulars referred to in section 11, he shall on conviction by a Magistrate be punishable with fine which may extend to thirty rupees for every day during which the default continues.

Penalty.

13. The amount of excess profits duty to be paid in respect of any business shall be assessed by the Collector, who may in any case where he thinks fit allow the duty to be paid in instalments of such amounts payable at such times as he may direct.

Assessment.

14. The duty may be assessed on any person for the time being owning or carrying on the business whether as agent for the owner or otherwise or, where the business has ceased during the accounting period, on the person who owned or so carried on the business immediately before the time at which the business ceased, and where there has been a change of ownership of the business during the accounting period, the Collector shall make the assessment in the prescribed manner.

Person liable to be assessed.

15. The provisions of sections 20, 21, 22, 23, 24, 26, 27, and of Chapters IV and V and of sections 42, 45, 46, 47 and 49 to 52 of the Indian Income-tax Act, 1918, shall apply, with such modifications, if any, as may be prescribed, as if the said provisions referred to excess profits duty instead of to income-tax, and every officer or authority exercising powers under the said provisions may exercise the like powers under this Act in regard to excess profits duty as he or it exercises in regard to income-tax under the said Act : VII of 1918

Application of provisions of Act VII of 1918.

Provided that references in the said provisions to the assessee shall be construed as references to a person by whom excess profits duty is payable.

16. Notwithstanding anything contained in the Indian Income-tax Act, 1918 or in any Act repealed thereby, all information contained in any statement or return made or furnished under the provisions of any of the said Acts or obtained or collected for the purposes of any such Act may be used for the purposes of this Act. VII of 1918.

Income-tax papers to be available for the purposes of this Act.

17. (*1*) A person shall not for the purposes of avoiding payment of excess profits duty enter into a fictitious or artificial transaction or carry out any fictitious or artificial operation, and if he has entered into any such transaction or carried out any such operation before the commencement of this Act shall inform the Collector of the nature of the transaction or operation.

Prohibition of and penalty for fictitious transactions.

Explanation.—For the purposes of this section an artificial transaction or operation includes every device of whatever nature adopted for the purposes of presenting the accounts of a business in a misleading form of manner with intent to evade or having the effect of evading any obligation imposed by this Act.

(*2*) If any person acts in contravention of, or fails without reasonable cause or excuse to comply with, the provisions of sub-section (*1*), he shall on conviction by a Magistrate be punishable with fine which may extend to one thousand rupees.

18. (*1*) The Governor General in Council may, by notification in the Gazette of India, make rules for carrying into effect the provisions of this Act.

Power to make rules.

(*2*) In particular and without prejudice to the generality of the foregoing power such rules may provide for—

(*a*) the rate to be allowed in respect of any business or class of business for the purpose of clause (*a*) of sub-section (*1*) of section 6 ;

(*b*) the procedure to be followed by Boards of Referees appointed under this Act ;

(*c*) the basis and method of assessment when there has been a change of ownership during any period which can be selected for the purpose of determining standard profits, or during any subsequent period prior to the commencement of this Act ; and

(*d*) the adaptation to excess profits duty of any of the provisions of the Indian Income-tax Act, 1918, which are made applicable to that duty by section 15. VII of 1918.

(*3*) All rules made under this section shall have effect as if enacted in this Act.

19. Where the profits of any business in the accounting period are chargeable to excess profits duty under the provisions of this Act and to super-tax under the provisions of the Super-tax Act, 1917, then— VIII of 1917

Excess profits duty and super-tax to be alternately chargeable.

(*1*) if the amount chargeable as excess profits duty exceeds that chargeable as super-tax, excess profits duty shall alone be charged, and

(*2*) if the amount chargeable as super-tax exceeds that chargeable as excess profits duty, super-tax shall alone be charged, and the provisions of this Act and the Super-tax Act, 1917, shall be construed accordingly. VIII of 1917.

20. The amount of excess profits duty paid in respect of any business shall be allowed as a deduction at the adjustment made in the year ending on the 31st March, 1920, in respect of the profits of that business for the purposes of section 19 of the Indian Income-tax Act, 1918 :

Excess profits duty an allowance for the purposes of Act VII of 1918.

VII of 1918.

Provided that if the amount of excess profits duty payable has not been ascertained at the time when the said adjustment is made the amount by which the income-tax would have been reduced if effect had been given to the deduction shall be deducted from the amount payable for excess profits duty.

SCHEDULE I.

EXCEPTED BUSINESSES.

(See section 3.)

1. Any business the income from which is agricultural income.

2. Officers of employments.

3. Any profession the profits of which are dependent mainly on the personal qualifications of the person by whom the profession is carried on, and in which no capital expenditure is required or only capital expenditure of an amount which is small when compared with the profits which the person carrying on the profession makes :

Provided that the business of any person taking commissions in respect of any transactions or services rendered, or any agent of any description (not being a whole-time officer or servant of the business or a commercial traveller, or an agent whose remuneration consists wholly of a fixed and definite sum not dependent on the amount of business done or any other contingency) shall not be included in this exception.

4. Any business which is liable to pay in respect of the accounting period excess profits duty in the United Kingdom.

5. Any business of which the profits in the accounting period do not exceed thirty thousand rupees.

SCHEDULE III.

ASCERTAINMENT OF CAPITAL.

(See section 6.)

1. The amount of the capital of a business shall, so far as it does not consist of money, be taken to be—

(*a*) so far as it consists of assets acquired by purchase, the price at which these assets were acquired, subject to any proper deduction for depreciation or for unpaid purchase money,

(*b*) so far as it consists of assets being debts due to the business, the nominal amount of those debts subject to any reduction which has been allowed or is allowable in respect of those debts under the Indian Income-tax Act, 1918, and

II of 1918.

(*c*) so far as it consists of any other assets which have not been acquired by purchase, the value of the assets at the time when they became assets of the business, subject to any proper deduction for depreciation :

Provided that nothing in this provision shall prevent accumulated profits (other than those made in the accounting period) employed in the business being treated as capital.

2. Any borrowed money or trade debts shall be deducted in computing the amount of capital for the purposes of this Act.

3. Where any asset has been paid for otherwise than in cash, the cost price of that asset shall be taken to be the value of the consideration at the time the asset was acquired, but where the business has been converted into a company and more than two-thirds of the shares in the company are held by the person who was the owner of the business no value shall be attached to those shares so far as they are represented by good-will or otherwise than by material assets of the company, unless the Collector in special circumstances otherwise directs. Patents and secret processes shall be deemed to be material assets.

PROCEEDINGS OF THE INDIAN LEGISLATIVE COUNCIL ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT, 1915.
(5 & 6 Geo. V, Ch. 61.)

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on Friday, the 21st March, 1919.

PRESENT:

His Excellency BARON CHELMSFORD, P.C., G.M.S.I., G.M.I.E., G.C.M.G., G.C.B.E., Viceroy and Governor General, *presiding*, and 53 Members, of whom 45 were Additional Members.

BUDGET, 1919-1920.

The Hon'ble Sir James Meston :—" I present the Budget of the Government of India for 1919-20. The preliminary estimates laid before Council on the 1st March have been revised in the light of our latest information. The Financial Secretary's explanatory memorandum has also been checked and brought up to date. The final figures of the Revised estimates for 1918-19 and the Budget estimates for 1919-20 are given in separate formal statements which are or shortly will be placed in the hands of Hon'ble Members.

"The broad results as regards the Revised estimates for 1918-19 on the Imperial side are that we now expect our total revenue to stand at £85,298,000 and our expenditure at £89,866,000, leaving a deficit of £4,568,000 as compared with £4,350,000 previously estimated. The deterioration of rather over £200,000 is due to a number of variations of which I need only mention a falling-off in the customs revenue of £200,000 and in the land-revenue of £50,000, set off by some small improvements under other heads. We also expect to spend more on famine relief, but this will be found from the Famine Insurance Grant and does not affect our surplus or deficit.

"For the coming year, the revenue is now expected to amount to £86,375,000, and the expenditure to £85,706,000, leaving a surplus of about £669,000, against £868,000 taken in the Financial Statement, or a reduction in the surplus of £200,000. This is mainly due to increased famine relief outlay in Bombay and the Central Provinces. In this case our surplus is affected, as the famine relief grant for next year is already exceeded. We have also included in the Budget, as I promised Hon'ble Members during the course of the debate on the Financial Statement, a sum of £33,000 to form the nucleus of a new public health fund. We fully appreciate the importance attached by non-official Members of this Council to the necessity of strengthening the equipment of Government for dealing with epidemic diseases, such as the recent disastrous outbreak of influenza; and we consider it desirable to emphasise, by a small initial grant, our acceptance of the principle that our central machinery for dealing with these matters should be developed.

"I need not trouble Hon'ble Members with details of modifications in the Provincial Budgets. The net result is that there will be a slight reduction in the collective surplus of the provinces anticipated during the current year from £1,073,000 to £979,000. For 1919-20 their estimated drafts on their balances will be increased from £1,641,000 to £1,918,000, mainly due to increased provision for civil works expenditure in Burma and Bombay.

"In our ways and means estimates, the most important changes are due to the fact that the Secretary of State is expecting to make rather larger purchases

of silver, with the result that his payments in the two years on this account will be increased by £1 million, while as the result of the increase in our remittances to him necessitated by this and other causes, we are increasing our estimates for Councils next year by £2 millions, making a total provsion of £12¼ millions for this purpose. As far as our Indian position goes, there have been heavy sales of our Treasury Bills during the course of the last two or three weeks, which will enable us (though we are reducing the discount under which we sell them) to close the current year with a balance of £12½ millions, against the previous figure of £10 millions. We expect, however, during the course of next year to be able to reduce the amount of outstandings of Treasury Bills to the level which was forecasted in the Financial Statement.

"There is one small item on the ways and means side to which I can refer with particular gratification, and that is the remarkable increase in our postal savings bank deposits in the course of the last few months. The net deposits, which had averaged about 20 lakhs a month during the months of October to December, amounted in January to 42 lakhs, while in February they reached 73½ lakhs, which is an absolutely record figure for any single month. This large receipt is the more striking, coming as it does at a time when a considerable part of India is suffering from scarcity."

BUDGET

OF THE

GOVERNMENT OF INDIA

MARCH 1919.

ACCOUNTS	1917-18
REVISED ESTIMATES	1918-19
BUDGET ESTIMATES	1919-20

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (*a*)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	21,607,246	22,798,600	20,805,900	22,686,400
Opium	„	3,078,903	3,191,800	3,229,000	3,056,200
Salt	„	5,499,487	3,492,200	4,216,300	3,914,300
Stamps	„	5,727,522	5,938,000	5,916,500	6,097,100
Excise	„	10,161,706	10,647,000	11,567,900	12,153,300
Customs	„	11,036,588	10,814,400	12,403,200	13,352,400
Income Tax	„	6,308,104	6,333,200	7,320,800	13,554,900
Other Heads	„	3,885,177	3,870,700	4,088,000	4,568,900
TOTAL PRINCIPAL HEADS	...	67,304,733	67,085,900	69,547,600	79,383,500
Interest	A	2,170,108	3,552,600	3,842,900	3,637,400
Posts and Telegraphs	„	4,616,690	4,782,800	5,322,900	5,716,800
Mint	„	517,401	376,000	1,676,800	1,356,500
Receipts by Civil Departments	„	1,935,364	1,956,100	2,086,600	1,957,500
Miscellaneous	„	4,868,356	1,295,200	5,924,300	2,557,400
Railways: Net Receipts	„	24,141,708	22,983,700	25,347,400	21,372,900
Irrigation	„	5,063,879	5,320,400	5,402,200	5,511,900
Other Public Works	„	323,599	304,900	321,900	323,000
Military Receipts	„	1,720,509	1,532,700	1,713,600	1,587,300
TOTAL REVENUE	...	112,662,347	109,190,300	121,186,200	123,404,200
DEFICIT	...	...	...	4,568,200	...
TOTAL	...	112,662,347	109,190,300	125,754,400	123,404,200

(*a*) The figures of the Budget estimates for 1918-19 shown in this statement and in statement II represent the estimates as presented sanction to which was received too late for the incorporation of the grant in the Budget statements.

(*b*) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the

DELHI,
FINANCE DEPARTMENT,
March 21, 1919.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1917-1918.	Budget Estimate, 1918-1919. (*a*)	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	9,854,695	10,454,800	11,669,900	11,293,300
Interest	„	7,328,169	7,784,300	7,866,600	7,763,500
Posts and Telegraphs	„	3,567,730	3,931,400	4,116,500	4,580,200
Mint	„	167,382	170,000	267,000	284,500
Salaries and Expenses of Civil Departments	„	20,855,368	23,164,300	24,233,500	24,549,100
Miscellaneous Civil Charges	„	5,918,707	5,671,500	6,257,400	6,139,100
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,789,100
Railways: Interest and Miscellaneous Charges	„	14,227,385	13,782,000	14,154,000	14,468,900
Irrigation	„	3,784,838	3,928,700	3,988,300	4,071,100
Other Public Works	„	5,048,294	6,057,700	5,582,100	6,932,700
Military Services	„	30,763,650	30,532,700	(*b*) 45,639,600	(*b*) 42,782,300
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	102,516,218	106,477,400	124,774,900	124,653,800
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	2,256,623	572,600	1,091,000	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*197,568*	*441,200*	*111,500*	*1,918,200*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	104,575,273	106,608,800	125,754,400	122,735,600
SURPLUS	...	8,087,074	2,581,500	...	668,600
TOTAL	...	112,662,347	109,190,300	125,754,400	123,404,200

to the Council last March and do not take account of the grant of £200,000 for technical and agricultural education, the Secretary of State's military forces raised in India.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Surplus	C	8,087,074	2,581,500	...	668,600
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	„	—500,000	—250,000	...	...
Capital contributed by Indian States towards construction of State Railways	„	100,000	33,300	...	...
Capital raised and deposited by Railway Companies (net)	„	...	...	...	165,700
TOTAL CAPITAL ACCOUNT RECEIPTS		—400,000	—216,700	...	165,700
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	69,239,218	...	...	724,000
Temporary Debt (net incurred)	„	49,267,455	...	15,737,600	...
Unfunded Debt (net incurred)	„	9,568,066	1,215,300	4,629,100	3,130,400
Deposits and Advances (net)	„	...	4,139,500	...	21,111,100
Loans and Advances by Provincial Governments (net Repayments)	„	528,737	119,100	...	...
Loans to Local Boards for Railway Construction (net Repayments)	„	...	8,700	17,300	9,000
Remittances (net)	„	...	2,000,000	2,373,600	6,174,300
Secretary of State's Bills drawn	„	24,799,964	...	6,599,200	12,250,000
Sterling Transfers on London drawn	„	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		153,403,440	7,482,600	34,781,800	43,398,800
TOTAL RECEIPTS	...	161,090,514	9,847,400	34,781,800	44,233,100
Opening Balance—India	...	15,293,216	16,522,616	15,325,177	12,475,477
England	...	(a) 11,391,993	(a) 15,781,193	(a) 16,625,416	(a) 13,200,616
TOTAL	...	187,775,723	42,151,209	66,732,393	69,909,193

(a) Include balances of the Gold Standard Reserve as shown

DELHI,
FINANCE DEPARTMENT,
March 21, 1919.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Government of India, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1917-1918.	Budget Estimate, 1918-1919.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.
		£	£	£	£
Deficit	C	...	...	4,568,200	...
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	"	372,991	466,700	257,400	433,300
Outlay on State Railways	"	3,571,464	3,704,400	4,304,100	16,370,500
Initial outlay on new Capital at Delhi	"	250,543	266,700	286,700	300,000
India's Financial Contribution to the War	"	100,000,000	...	...	...
Outlay of Railway Companies (net)	"	—694,144	631,600	261,000	1,499,400
Capital raised and deposited by Railway Companies (net)	"	805,810	2,242,400	1,388,900	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	104,306,664	7,311,800	6,498,100	18,603,200
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	877,300	14,819,900	...
Temporary Debt (net discharged)	"	...	2,666,700	...	14,994,700
Deposits and Advances (net)	"	26,298,745	...	304,600	...
Loans and Advances by Imperial Government (net Advances)	"	52,624	59,500	68,000	59,500
Loans and Advances by Provincial Governments (net Advances)	"	...	...	1,267,100	760,100
Loans to Local Boards for Railway Construction (net Advances)	"	268	...	...	...
Remittances (net)	"	381,749	...	...	...
Secretary of State's Bills paid	"	24,785,080	1,933,300	8,105,400	12,250,000
Sterling Transfers on London paid	"	...	...	5,425,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	51,518,466	5,536,800	29,990,000	28,064,300
TOTAL DISBURSEMENTS	...	155,825,130	12,848,600	41,056,300	46,667,500
Closing Balance—India	...	15,325,177	12,273,116	12,475,477	12,322,577
England	...	(a) 16,625,416	(a) 17,029,493	(a) 13,200,616	(a) 10,919,116
TOTAL	...	187,775,723	42,151,209	66,732,393	69,909,193

in the notes on pages 256 and 257.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	£	£	£	£	£	£	£
I.—Land Revenue	21,607,246	...	**21,607,246**	10,611,344	10,995,902	20,805,900	...
II.—Opium	3,078,903	...	**3,078,903**	3,078,903	...	3,229,000	...
III.—Salt	5,499,487	...	**5,499,487**	5,499,487	...	4,216,300	...
IV.—Stamps	5,727,522	...	**5,727,522**	2,918,379	2,809,143	5,916,500	...
V.—Excise	10,161,699	7	**10,161,706**	2,807,314	7,354,392	11,567,900	...
VI.—Provincial Rates	28,633	...	**28,633**	132	28,501	29,600	...
VII.—Customs	11,036,588	...	**11,036,588**	11,036,538	...	12,403,200	...
VIII.—Income Tax	6,308,104	...	**6,308,104**	4,092,373	2,215,731	7,320,800	...
IX.—Forest	2,731,284	...	**2,731,284**	113,049	2,618,235	2,904,200	...
X.—Registration	527,590	...	**527,590**	7,357	520,233	553,300	...
XI.—Tributes from Indian States	597,670	...	**597,670**	597,670	...	600,900	...
Total	67,304,726	7	**67,304,733**	40,762,596	26,542,137	69,547,600	...
XII.—Interest	863,301	1,306,807	**2,170,108**	1,857,099	313,009	1,071,400	2,771,500
XIII.—Posts and Telegraphs	4,568,378	48,312	**4,616,690**	4,616,690	...	5,309,900	13,000
XV.—Mint	517,401	...	**517,401**	517,401	...	1,676,700	100
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	435,150	...	**435,150**	28,418	406,732	413,700	...
XVI.—Law and Justice { Jails	379,683	...	**379,683**	50,787	328,896	491,300	...
XVII.—Police	133,246	...	**133,246**	6,240	127,006	138,700	...
XVIII.—Ports and Pilotage	102,997	...	**102,997**	...	102,997	136,500	...
XIX.—Education	320,138	...	**320,138**	6,827	313,311	303,700	...
XXA.—Medical	92,634	292	**92,926**	1,500	91,426	105,600	300
XXB.—Sanitation	35,351	...	**35,351**	15,465	19,886	36,200	...
XXIA.—Agriculture	110,452	...	**110,452**	19,015	91,437	135,900	...
XXIB.—Scientific and Miscellaneous Departments	324,783	638	**325,421**	8,334	317,087	273,700	1,000
Total	1,934,434	930	**1,935,364**	136,586	1,798,778	2,085,300	1,300
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	174,582	38,074	**212,656**	133,668	78,988	184,000	39,600
XXIII.—Stationery and Printing	94,049	...	**94,049**	32,728	61,321	110,000	...
XXIV.—Exchange	3,145,186	...	**3,145,186**	3,145,186	...	4,400,000	...
XXV.—Miscellaneous	1,219,765	196,700	**1,416,465**	1,221,517	194,948	1,162,200	28,500
Total	4,633,582	234,774	**4,868,356**	4,533,099	335,257	5,856,200	68,100
Railways—							
XXVI.—State Railways (Gross Receipts)	45,840,227	107,294	**45,947,521**	45,938,406	9,115	51,033,300	20,600
Deduct—Working Expenses	*20,905,395*	...	***20,905,395***	*20,897,168*	*8,227*	*24,544,300*	...
Surplus profits paid to Companies, etc.	*994,404*	...	***994,404***	*994,404*	...	*1,266,600*	...
Net Receipts	23,940,428	107,294	**24,047,722**	24,046,834	888	25,222,400	20,600
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	23,517	70,469	**93,986**	93,986	...	10,100	94,300
Total	23,963,945	177,763	**24,141,708**	24,140,820	888	25,232,500	114,900
Irrigation—							
XXIX.—Major Works: Direct Receipts	2,990,581	...	**2,990,581**	1,271,404	1,719,177	3,132,500	...
Portion of Land Revenue due to Irrigation	1,768,895	...	**1,768,895**	962,721	806,174	1,937,300	...
XXX.—Minor Works and Navigation	304,403	...	**304,403**	116,777	187,626	332,400	...
Total	5,063,879	...	**5,063,879**	2,350,902	2,712,977	5,402,200	...
Other Public Works—							
XXXI.—Civil Works	323,599	...	**323,599**	59,033	264,566	321,900	...
Military Receipts—							
XXXII.—Army: Effective	938,982	244,600	**1,183,582**	1,183,582	...	967,200	233,200
Non-Effective	84,495	35,853	**120,348**	120,348	...	73,800	36,000
	1,023,477	280,453	**1,303,930**	1,303,930	...	1,041,000	269,200
XXXIII.—Marine	322,155	...	**322,155**	322,155	...	313,400	...
XXXIV.—Military Works	94,424	...	**94,424**	94,424	...	90,000	...
Total	1,440,056	280,453	**1,720,509**	1,720,509	...	1,444,400	269,200
Transfers between Imperial and Provincial Revenues	...	...	...	—1,557,500	+1,557,500	...	...
TOTAL REVENUE	110,613,301	2,049,046	**112,662,347**	79,137,235	33,525,112	117,948,100	3,238,100

India, in India and in England.

ESTIMATE, 1918-1919.				BUDGET ESTIMATE, 1919-1920.						
Total.	Distribution of Total between		Increase + Decrease — as compared with Budget Estimate, 1918-1919.	India.	England.	Total.	Distribution of Total between		Increase + Decrease — of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease — of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
20,805,900	9,985,700	10,820,200	—1,992,700	22,686,400	...	**22,686,400**	11,007,300	11,679,100	—112,200	+1,880,500
3,229,000	3,229,000	...	+37,200	3,056,200	...	**3,056,200**	3,056,200	...	—135,600	—172,800
4,216,300	4,216,300	...	+724,100	3,914,300	...	**3,914,300**	3,914,300	...	+422,100	—302,000
5,916,500	3,018,900	2,897,600	—21,500	6,097,100	...	**6,097,100**	3,112,400	2,984,700	+159,100	+180,600
11,567,900	3,192,100	8,375,800	+920,900	12,153,300	...	**12,153,300**	3,362,700	8,790,600	+1,506,300	+585,400
29,600	100	29,500	+400	34,600	...	**34,600**	100	34,500	+5,400	+5,000
12,403,200	12,403,200	...	+1,588,800	13,352,400	...	**13,352,400**	13,352,400	...	+2,538,000	+949,200
7,320,800	4,861,600	2,459,200	+987,600	13,554,900	...	**13,554,900**	11,224,400	2,330,500	+7,221,700	+6,234,100
2,904,200	156,600	2,747,600	+219,900	3,352,800	...	**3,352,800**	185,700	3,167,100	+668,500	+448,600
553,300	7,700	545,600	+10,700	568,200	...	**568,200**	7,500	560,700	+25,600	+14,900
600,900	600,900	...	—13,700	613,300	...	**613,300**	613,300	...	—1,300	+12,400
69,547,600	41,672,100	27,875,500	+2,461,700	79,383,500	...	**79,383,500**	49,836,300	29,547,200	+12,297,600	+9,835,900
3,842,900	3,572,000	270,900	+290,300	1,260,900	2,376,500	**3,637,400**	3,299,000	338,400	+84,800	—205,500
5,322,900	5,322,900	...	+540,100	5,623,600	93,200	**5,716,800**	5,716,800	...	+934,000	+393,900
1,676,800	1,676,800	...	+1,300,800	1,356,500	...	**1,356,500**	1,356,500	...	+980,500	—320,300
413,700	22,000	391,700	—26,900	436,300	...	**436,300**	21,000	415,300	—4,300	+22,600
491,300	85,200	406,100	+105,100	413,600	...	**413,600**	84,500	329,100	+27,400	—77,700
188,700	6,200	182,500	+15,700	128,600	...	**128,600**	6,200	122,400	—44,400	—60,100
136,500	...	136,500	+27,600	125,500	...	**125,500**	...	125,500	+16,600	—11,000
303,700	6,800	296,900	—9,100	324,500	...	**324,500**	7,600	316,900	+11,700	+20,800
105,900	1,400	104,500	+8,400	104,500	300	**104,800**	1,400	103,400	+7,300	—1,100
36,200	10,000	26,200	+6,900	33,100	...	**33,100**	11,100	22,000	+3,800	—3,100
135,900	19,200	116,700	—6,400	165,100	...	**165,100**	19,500	145,600	+22,800	+29,200
274,700	14,800	259,900	+9,200	225,100	900	**226,000**	8,100	217,900	—39,500	—48,700
2,086,600	165,600	1,921,000	+130,500	1,956,300	1,200	**1,957,500**	159,400	1,798,100	+1,400	—129,100
223,600	135,000	88,600	+9,200	182,500	41,400	**223,900**	138,200	85,700	+9,500	+300
110,000	49,100	60,900	+16,900	104,500	...	**104,500**	44,000	60,500	+11,400	—5,500
4,400,000	4,400,000	...	+4,400,000	1,066,700	...	**1,066,700**	1,066,700	...	+1,066,700	—3,333,300
1,190,700	960,200	230,500	+203,000	1,078,600	83,700	**1,162,300**	959,500	202,800	+174,600	—28,400
5,924,300	5,544,300	380,000	+4,629,100	2,432,300	125,100	**2,557,400**	2,208,400	349,000	+1,262,200	—3,366,900
51,053,900	51,045,200	8,700	+4,053,400	53,333,300	48,600	**53,381,900**	53,371,900	10,000	+6,381,400	+2,328,000
24,544,300	*24,536,200*	*8,100*	—1,500,000	*30,933,400*	...	***30,933,400***	*30,924,700*	*8,700*	—7,889,100	—6,389,100
1,200,600	*1,266,600*	...	—200,000	*1,226,600*	...	***1,226,600***	*1,226,600*	...	—160,000	+40,000
25,243,000	25,242,400	600	+2,353,400	21,173,300	48,600	**21,221,900**	21,220,600	1,300	—1,667,700	—4,021,100
104,400	104,400	...	+10,300	10,000	141,000	**151,000**	151,000	...	+56,900	+46,600
25,347,400	25,346,800	600	+2,363,700	21,183,300	189,600	**21,372,900**	21,371,600	1,300	—1,610,800	—3,974,500
3,132,500	1,355,100	1,777,400	+40,000	3,226,900	...	**3,226,900**	1,409,400	1,817,500	+134,400	+94,400
1,937,300	1,049,100	888,200	+15,900	1,959,000	...	**1,959,000**	1,061,000	898,000	+37,600	+21,700
332,400	114,800	217,600	+25,900	326,000	...	**326,000**	118,700	207,300	+19,500	—6,400
5,402,200	2,519,000	2,883,200	+81,800	5,511,900	...	**5,511,900**	2,589,100	2,922,800	+191,500	+109,700
321,900	53,900	268,000	+17,000	323,000	...	**323,000**	53,000	270,000	+18,100	+1,100
1,200,400	1,200,400	...	+177,600	855,900	238,500	**1,094,400**	1,094,400	...	+71,600	—106,000
109,800	109,800	...	—11,500	73,900	36,000	**109,900**	109,900	...	—11,400	+100
1,310,200	1,310,200	...	+166,100	929,800	274,500	**1,204,300**	1,204,300	...	+60,200	—105,900
313,400	313,400	...	+4,800	299,000	...	**299,000**	299,000	...	—9,600	—14,400
90,000	90,000	...	+10,000	84,000	...	**84,000**	84,000	...	+4,000	—6,000
1,713,600	1,713,600	...	+180,900	1,312,800	274,500	**1,587,300**	1,587,300	...	+54,600	—126,300
...	—2,289,300	+2,289,300	...	...	...	...	—1,802,000	+1,802,000	...	...
121,186,200	85,297,700	35,888,500	+11,995,900	120,344,100	3,060,100	**123,404,200**	86,375,400	37,028,800	+14,213,900	+2,218,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Direct Demands on the Revenues—	£	£	£	£	£	£	£
1.—Refunds and Drawbacks	587,922	...	**587,922**	455,890	132,032	1,248,500	...
2.—Assignments and Compensations	1,279,208	...	**1,279,208**	584,854	694,354	1,271,400	...
Charges in respect of Collection, *viz.* :—							
3.—Land Revenue	3,780,124	2,152	**3,782,276**	273,255	3,509,021	4,105,900	1,300
4.—Opium (including cost of Production)	1,107,387	1,395	**1,108,782**	1,108,782	...	1,336,600	600
5.—Salt (including cost of Production)	427,072	385	**427,457**	427,457	...	559,900	2,100
6.—Stamps	61,609	114,713	**176,322**	97,771	78,551	65,300	45,000
7.—Excise	484,316	232	**484,548**	146,174	338,374	536,000	400
9.—Customs	285,022	254	**285,276**	285,276	...	307,200	100
10.—Income Tax	42,518	...	**42,518**	21,703	20,815	57,700	...
11.—Forest	1,410,470	572	**1,411,042**	83,549	1,327,493	1,741,100	1,600
12.—Registration	269,344	...	**269,344**	2,027	267,317	289,200	...
TOTAL	9,734,992	119,703	**9,854,695**	3,486,738	6,367,957	11,518,800	151,100
Interest—							
13.—Interest on Debt	6,231,088	9,938,905	**16,169,993**	15,222,293	947,700	8,266,700	8,400,600
Deduct—Amounts chargeable to Railways†	*4,502,528*	*3,652,953*	***8,155,481***	*8,155,481*	...	*4,650,800*	*3,636,600*
„ Amounts chargeable to Irrigation	*1,391,180*	*124,415*	***1,515,595***	*779,811*	*735,784*	*1,415,700*	*124,500*
Remainder chargeable on Ordinary Debt	337,380	6,161,537	**6,498,917**	6,287,001	211,916	2,200,200	4,639,500
14.—Interest on other obligations	829,252	...	**829,252**	829,252	...	1,026,900	...
TOTAL	1,166,632	6,161,537	**7,328,169**	7,116,253	211,916	3,227,100	4,639,500
15.—Posts and Telegraphs	3,286,364	281,366	**3,567,730**	3,567,730	...	3,761,300	355,200
17.—Mint	146,488	20,894	**167,382**	167,382	...	225,000	42,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,723,071	441,845	**2,164,916**	1,229,502	935,414	1,760,400	674,800
19.—Law and Justice { Courts	3,319,995	787	**3,320,782**	79,538	3,241,244	3,439,200	1,300
19.—Law and Justice { Jails	1,149,293	28	**1,149,321**	172,620	976,701	1,325,100	...
20.—Police	5,616,751	336	**5,617,087**	334,481	5,282,606	6,038,200	1,400
21.—Ports and Pilotage	196,878	...	**196,878**	...	196,878	206,500	...
22.—Education	3,383,097	11,577	**3,394,674**	123,305	3,271,369	3,958,400	14,800
23.—Ecclesiastical	132,389	281	**132,670**	132,670	...	139,100	800
24A.—Medical	962,243	553	**962,796**	83,171	879,625	1,051,500	14,100
24B.—Sanitation	607,879	1,263	**609,142**	67,372	541,770	687,400	1,500
25.—Political	2,050,157	42,112	**2,092,269**	1,908,022	184,247	3,396,800	21,700
26A.—Agriculture	699,623	2,510	**702,133**	82,099	620,034	818,500	6,400
26B.—Scientific and Miscellaneous Departments	469,333	43,367	**512,700**	320,581	192,119	631,300	44,300
TOTAL	20,310,709	544,659	**20,855,368**	4,533,361	16,322,007	23,452,400	781,100
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	189,843	10,430	**200,273**	200,273	....	194,200	—7,600
28.—Civil Furlough and Absentee Allowances	1,962	180,502	**182,464**	182,464	...	3,800	142,000
29.—Superannuation Allowances and Pensions	1,516,597	1,968,596	**3,485,193**	2,091,991	1,393,202	1,593,500	1,967,000
30.—Stationery and Printing	824,053	128,152	**952,205**	438,513	513,692	964,100	125,200
32.—Miscellaneous	601,858	496,714	**1,098,572**	809,442	289,130	708,200	567,000
TOTAL	3,134,313	2,784,394	**5,918,707**	3,722,683	2,196,024	3,463,800	2,793,600
Famine Relief and Insurance—							
33.—Famine Relief	3,765	...	**3,765**	2,832	933	677,600	...
34.—Construction of Protective Railways	—20	...	**—20**	—20	...	—300	...
35.—Construction of Protective Irrigation Works	342,960	1,489	**344,449**	344,449	...	319,600	1,000
36.—Reduction or Avoidance of Debt	651,806	...	**651,806**	651,806	...	2,100	...
TOTAL	998,511	1,489	**1,000,000**	999,067	933	999,000	1,000
Carried over	38,778,009	9,914,042	**48,692,051**	23,593,214	25,098,837	46,647,400	8,763,500

	ACCOUNTS, 1917-1918.			REVISED ESTIMATE, 1918-1919.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
†Included under the following heads:—	£	£	£	£	£	£
State Railways—Interest on Debt	4,485,506	3,571,703	**8,057,209**	4,629,700	3,555,400	**8,185,100**
Ditto —Interest chargeable against Companies on Advances	17,022	81,250	**98,272**	21,100	81,200	**102,300**
TOTAL	4,502,528	3,652,953	**8,155,481**	4,650,800	3,636,600	**8,287,400**

Revenues of India, in India and in England.

ESTIMATE, 1918-1919.			Increase + Decrease − as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease − of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease − of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
1,248,500	1,105,500	143,000	+731,800	693,200	...	**693,200**	517,100	176,100	+176,500	−555,300
1,271,400	544,400	727,000	−53,600	1,296,100	...	**1,296,100**	572,100	724,000	−28,900	+24,700
4,107,200	284,500	3,822,700	+85,000	4,150,700	1,600	**4,152,300**	286,300	3,866,000	+130,100	+45,100
1,337,200	1,337,200	...	+82,900	1,045,500	600	**1,046,100**	1,046,100	...	−208,200	−291,100
562,000	562,000	...	+65,400	603,700	1,000	**604,700**	604,700	...	+108,100	+42,700
210,300	131,200	79,100	+16,900	67,500	98,700	**166,200**	84,600	81,600	−27,200	−44,100
536,400	159,800	376,600	+19,300	570,600	100	**570,700**	169,000	401,700	+53,600	+34,300
307,300	307,300	...	+14,300	314,000	100	**314,100**	314,100	...	+21,100	+6,800
57,700	29,500	28,200	+6,200	95,200	...	**95,200**	48,400	46,800	+43,700	+37,500
1,742,700	129,400	1,613,300	+231,500	2,046,500	5,000	**2,051,500**	184,500	1,867,000	+540,300	+308,800
289,200	2,100	287,100	+15,400	303,200	...	**303,200**	2,100	301,100	+29,400	+14,000
11,669,900	4,592,900	7,077,000	+1,215,100	11,186,200	107,100	**11,293,300**	3,829,000	7,464,300	+838,500	−376,600
16,667,300	15,674,800	992,500	+397,800	8,920,000	7,819,900	**16,739,900**	15,672,800	1,067,100	+470,400	+72,600
8,287,400	*8,287,400*	...	−354,500	*4,859,000*	*3,699,600*	***8,558,600***	*8,558,600*	...	−625,700	−271,200
1,540,200	*796,600*	*743,600*	−70,900	*1,439,100*	*124,600*	***1,563,700***	*813,100*	*750,600*	−94,400	−23,500
6,839,700	6,590,800	248,900	−27,600	2,621,900	3,995,700	**6,617,600**	6,301,100	316,500	−249,700	−222,100
1,026,900	1,026,900	...	+109,900	1,145,900	...	**1,145,900**	1,145,900	...	+228,900	+119,000
7,866,600	7,617,700	248,900	+82,300	3,767,800	3,995,700	**7,763,500**	7,447,000	316,500	−20,800	−103,100
4,116,500	4,116,500	...	+185,100	3,921,400	658,800	**4,580,200**	4,580,200	...	+648,800	+463,700
267,000	267,000	...	+97,000	195,700	88,800	**284,500**	284,500	...	+114,500	+17,500
2,435,200	1,480,600	954,600	+171,700	1,758,900	592,400	**2,351,300**	1,388,900	962,400	+87,800	−83,900
3,440,500	80,500	3,360,000	+46,100	3,537,700	5,800	**3,543,500**	84,500	3,459,000	+149,100	+103,000
1,325,100	168,300	1,156,800	+171,400	1,247,100	...	**1,247,100**	170,600	1,076,500	+93,400	−78,000
6,039,600	341,700	5,697,900	+173,000	6,336,400	3,500	**6,339,900**	356,400	5,983,500	+473,300	+300,300
206,500	...	206,500	+5,600	219,600	...	**219,600**	...	219,600	+18,700	+13,100
3,973,200	148,900	3,824,300	−248,300	4,875,600	13,000	**4,888,600**	367,800	4,520,800	+667,100	+915,400
139,900	139,900	...	+3,100	145,500	900	**146,400**	146,400	...	+9,600	+6,500
1,065,600	101,600	964,000	+28,700	1,310,600	37,500	**1,348,100**	135,900	1,212,200	+311,200	+282,500
688,900	81,700	607,200	−93,100	992,700	1,500	**994,200**	177,300	816,900	+212,200	+305,300
3,418,500	3,226,500	192,000	+785,800	1,769,600	14,200	**1,783,800**	1,575,500	208,300	−848,900	−1,634,700
824,900	87,400	737,500	−17,900	1,012,200	5,400	**1,017,600**	96,900	920,700	+174,800	+192,700
675,600	325,200	350,400	+43,100	639,100	29,900	**669,000**	311,300	357,700	+36,500	−6,600
24,233,500	6,182,300	18,051,200	+ 1,069,200	23,845,000	704,100	**24,549,100**	4,811,500	19,737,600	+1,384,800	+315,600
186,600	186,600	...	−20,800	197,500	3,400	**200,900**	200,900	...	−6,500	+14,300
145,800	145,800	...	−49,500	2,300	300,000	**302,300**	302,300	...	+107,000	+156,500
3,560,500	2,098,600	1,461,900	−11,100	1,640,100	1,978,000	**3,618,100**	2,107,800	1,510,300	+46,500	+57,600
1,089,300	508,200	581,100	+137,400	851,300	138,300	**989,600**	394,600	595,000	+37,700	−99,700
1,275,200	856,900	419,300	+529,900	1,001,900	26,300	**1,028,200**	231,400	796,800	+282,900	−247,000
6,257,400	3,795,100	2,462,300	+585,900	3,693,100	2,446,000	**6,139,100**	3,237,000	2,902,100	+467,600	−118,300
677,600	513,800	163,800	+637,200	1,435,800	...	**1,435,800**	1,080,400	355,400	+1,395,400	+758,200
−300	−300	...	+200	...	...	...	...	...	+500	+300
320,600	320,600	...	−86,100	352,500	800	**353,300**	353,300	...	−53,400	+32,700
2,100	2,100	...	−551,300	...	...	...	...	...	−553,400	−2,100
1,000,000	836,200	163,800	...	1,788,300	800	**1,789,100**	1,433,700	355,400	+789,100	+789,100
55,410,900	27,407,700	28,003,200	+3,234,600	48,397,500	8,001,300	**56,398,800**	25,622,900	30,775,900	+4,222,500	+987,900

BUDGET ESTIMATE, 1919-1920.		
India.	England.	Total.
£	£	£
4,836,800	3,618,400	**8,455,200**
22,200	81,200	**103,400**
4,859,000	3,699,600	**8,558,600**

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1917-1918.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Brought forward	38,778,009	9,914,042	**48,692,051**	23,593,214	25,098,837	46,647,400	8,763,500
Railways—							
38.—State Railways: Interest on Debt	4,485,506	3,571,703	**8,057,209**	8,057,209	...	4,629,700	3,565,400
Annuities in purchase of Railways	...	3,357,623	**3,357,623**	3,357,623	...	...	3,357,600
Sinking Funds	...	333,477	**333,477**	333,477	...	...	242,800
Interest chargeable against Companies on Advances	17,022	81,250	**98,272**	98,272	...	21,100	81,200
Interest on Capital deposited by Companies	57,830	2,205,846	**2,263,676**	2,263,676	...	52,200	2,126,600
40.—Subsidised Companies: Land, etc.	64,062	...	**64,062**	63,388	674	24,000	...
41.—Miscellaneous Railway Expenditure	53,066	...	**53,066**	53,046	20	63,400	...
TOTAL	4,677,486	9,549,899	**14,227,385**	14,226,691	694	4,790,400	9,363,600
Irrigation—							
42.—Major Works: Working Expenses	1,404,487	...	**1,404,487**	670,934	733,553	1,409,900	...
Interest on Debt	1,391,180	124,415	**1,515,595**	779,811	735,784	1,415,700	124,500
43.—Minor Works and Navigation	864,771	15	**864,756**	253,352	611,404	1,038,100	100
TOTAL	3,660,438	124,400	**3,784,833**	1,704,097	2,080,741	3,863,700	124,600
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	—766	...	**—766**	...	—766	6,100	...
45.—Civil Works	5,006,993	42,067	**5,049,060**	762,509	4,286,551	5,530,600	45,400
TOTAL	5,006,227	42,067	**5,048,294**	762,509	4,285,785	5,536,700	45,400
Military Services—							
46.—Army: Effective	21,085,982	3,908,325	**24,994,307**	24,994,307	...	35,697,100	2,545,500
Non-Effective	974,792	2,124,805	**3,099,597**	3,099,597	...	1,066,000	2,511,400
	22,060,774	6,033,130	**28,093,904**	28,093,904	...	36,763,100	5,056,900
46A.—Marine	449,678	358,146	**807,824**	807,824	...	410,800	598,800
47.—Military Works	1,809,735	51,374	**1,861,109**	1,861,109	...	2,728,000	82,000
47A.—Special Defences (1902)	8,814	—8,001	**813**	813	...	...	...
TOTAL	24,329,001	6,434,649	**30,763,650**	30,763,650	...	39,901,900	5,737,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	76,451,161	26,065,057	**102,516,218**	71,050,161	31,466,057	100,740,100	24,034,800
Add—Portion of Allotments to Provincial Governments not spent by them in the year	2,256,623	...	**2,256,623**	...	2,256,623	1,091,000	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	*197,568*	...	***197,568***	...	*197,568*	*111,500*	...
Total Expenditure charged to Revenue	78,510,216	26,065,057	**104,575,273**	71,050,161	33,525,112	101,719,600	24,031,800

	ACCOUNTS, 1917-1918.		
	India.	England.	TOTAL.
Capital Expenditure not charged to Revenue—	£	£	£
48.—State Railways	3,132,031	439,433	**3,571,464**
49.—Irrigation Works	372,528	463	**372,991**
TOTAL	3,504,559	439,896	**3,944,455**
51.—Initial Expenditure on new Capital at Delhi	244,257	6,286	**250,543**
52.—India's Financial Contribution to the War	...	100,000,000	**100,000,000**

Revenues of India, in India and in England—*continued.*

ESTIMATE, 1918-1919.			Increase + Decrease — as compared with Budget Estimate, 1918-1919.	BUDGET ESTIMATE, 1919-1920.					Increase + Decrease — of Budget, 1919-1920, as compared with Budget Estimate, 1918-1919.	Increase + Decrease — of Budget, 1919-1920, as compared with Revised Estimate, 1918-1919.
Total.	Distribution of Total between			India.	England.	Total.	Distribution of Total between			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
55,410,900	27,407,700	28,003,200	+3,234,600	48,397,500	8,001,300	**56,398,800**	25,622,900	30,775,900	+4,222,500	+987,900
8,185,100	8,185,100	...	+350,800	4,836,800	3,618,400	**8,455,200**	8,455,200	...	+620,900	+270,100
3,357,600	3,357,600	...	...	...	3,357,600	**3,357,600**	3,357,600	...	...	...
242,800	242,800	...	...	...	255,500	**255,500**	255,500	...	+12,700	+12,700
102,300	102,300	...	+3,700	22,200	81,200	**103,400**	103,400	...	+4,800	+1,100
2,178,800	2,178,800	...	−9,900	53,100	2,113,400	**2,166,500**	2,166,500	...	−22,200	−12,300
24,000	23,300	700	−9,300	44,000	...	**44,000**	43,300	700	+10,700	+20,000
63,400	63,300	100	+36,700	86,700	...	**86,700**	86,600	100	+60,000	+23,300
14,154,000	14,153,200	800	+372,000	5,042,800	9,426,100	**14,468,900**	14,468,100	800	+686,900	+314,900
1,409,900	681,400	728,500	−59,100	1,418,100	...	**1,418,100**	689,900	728,200	−50,900	+8,200
1,540,200	796,600	743,600	+70,900	1,439,100	124,600	**1,563,700**	813,100	750,600	+94,400	+23,500
1,038,200	320,000	718,200	+47,800	1,089,300	...	**1,089,300**	340,400	748,900	+98,900	+51,100
3,988,300	1,798,000	2,190,300	+59,600	3,946,500	124,600	**4,071,100**	1,843,400	2,227,700	+142,400	+82,800
6,100	...	6,100	+5,400	5,100	...	**5,100**	...	5,100	+4,400	−1,000
5,576,000	867,400	4,708,600	−481,000	6,863,900	63,700	**6,927,600**	990,100	5,937,500	+870,600	+1,351,600
5,582,100	867,400	4,714,700	−475,600	6,869,000	63,700	**6,932,700**	990,100	5,942,600	+875,000	+1,350,600
38,242,600	38,242,600	...	+13,584,200	32,382,100	2,793,100	**35,175,200**	35,175,200	...	+10,516,800	−3,067,400
3,577,400	3,577,400	...	+444,900	1,191,400	3,363,100	**4,554,500**	4,554,500	...	+1,422,000	+977,100
41,820,000	41,820,000	...	+14,029,100	33,573,500	6,156,200	**39,729,700**	39,729,700	...	+11,938,800	−2,090,300
1,009,600	1,009,600	...	+49,300	416,000	815,600	**1,231,600**	1,231,600	...	+271,300	+222,000
2,810,000	2,810,000	...	+1,028,500	1,778,000	43,000	**1,821,000**	1,821,000	...	+39,500	−989,000
...	...	...	...	...	...	...	...	...	...	...
45,639,600 (a)	45,639,600	...	+15,106,900	35,767,500	7,014,800	**42,782,300** (a)	42,782,300	...	+12,249,600	−2,857,300
124,774,900	89,865,900	34,909,000	+18,297,500	100,023,300	24,630,500	**124,653,800**	85,706,800	38,947,000	+18,176,400	−121,100
1,091,000	...	1,091,000	+518,400	...	...	...	...	...	−572,600	−1,091,000
111,500	...	*111,500*	+329,700	*1,918,200*	...	***1,918,200***	...	*1,918,200*	−1,477,000	−1,806,700
125,754,400	89,865,900	35,888,500	+19,145,600	98,105,100	24,630,500	**122,735,600**	85,706,800	37,028,800	+16,126,800	−3,018,800

REVISED ESTIMATE, 1918-1919.			BUDGET ESTIMATE, 1919-1920.		
India.	England.	Total.	India.	England.	Total.
£	£	£	£	£	£
3,700,700	603,400	**4,304,100**	9,060,000	7,310,500	**16,370,500**
256,200	1,200	**257,400**	424,800	8,500	**433,300**
3,956,900	604,600	**4,561,500**	9,484,800	7,319,000	**16,803,800**
284,100	2,600	**286,700**	226,700	73,300	**300,000**
...	...	...	...	...	...

(a) Include £12,700,000 in 1918-19 and £8,695,000 in 1919-20 for further assistance from Indian revenues towards the cost of the military forces raised in India.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A) .	110,613,301	2,049,046	112,662,347	117,948,100	3,238,100	121,186,200	120,344,100	3,060,100	123,404,200
Excess of Revenue over Expenditure charged to Revenue			**8,087,074**			**-4,568,200**			**668,600**
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways .	—500,000	...	—500,000	...	...	...	...	...	...
Capital contributed by Indian States towards construction of State Railways . . .	100,000	...	100,000	...	...	...	...	...	...
Outlay of Railway Companies—									
Repayments . . .	...	10,842	10,842	...	47,100	47,100	...	22,000	22,000
Net .			**0**			**0**			**0**
Raised and Deposited by Railway Companies—									
On account of Subscribed Capital . . .	276,690	...	276,690	143,000	...	143,000	165,700	3,576,400	3,742,100
Net .			**0**			**0**			**165,700**
Permanent Debt Incurred—									
Sterling Debt—									
British Government 5 per cent. War loan, 1929-47	...	64,927,000		...	...		...	...	
Rupee Debt—									
Rupee Loan . . .	...	...		...	...		10,000,000	...	
5½ per cent. War Bonds 1925	...	...		2,645,600	...		1,000	...	
Ditto 1928	...	...		16,955,800	...		3,000	...	
5 per cent. War Loan 1929-47	7,622,561	...		600	...		...	...	
Total .	7,622,561	64,927,000	72,549,561	19,602,000		19,602,000	10,004,000	...	10,004,000
Net .			**69,239,218**			**0**			**724,000**
Temporary Debt Incurred—									
5½ per cent. War Bonds 1920	11,431,235	...		500	...		...	...	
Do. do. 1922	6,455,886	...		100	...		...	...	
Do. do. 1921	...	...		17,069,400	...		4,600	...	
Do. do. 1923	...	...		1,359,400	...		700	...	
Treasury Bills . . .	29,047,000	...		58,193,300	...		29,047,000	...	
Other Temporary Loans .	2,666,667	...		12,071,500	...		...	...	
Total .	49,600,788	...	49,600,788	88,694,200	...	88,694,200	29,052,300	...	29,052,300
Net .			**49,267,455**			**15, 37,600**			**0**
Unfunded Debt—									
Post Office Cash Certificates	6,667,282	...		2,133,300	...		2,000,000	...	
Deposits of Service Funds .	86,954	59		85,500	...		85,000	...	
Savings Bank Deposits .	11,233,707	...		12,918,500	...		12,196,800	...	
Total .	17,987,943	59	17,988,002	15,137,300	...	15,137,300	14,281,800	...	14,281,800
Net .			**9,568,066**			**4,629,100**			**3,130,400**
Deposits and Advances—									
Balances of Provincial Allotments	2,256,623	...		1,091,000	...		...	...	
Appropriation for Reduction or Avoidance of Debt .	651,806	...		2,100	...		...	...	
Deposits of Local Funds—									
District Funds . .	5,606,816	...		5,937,400	...		5,787,600	...	
Other Funds . . .	1,187,271	...		1,283,900	...		1,243,300	...	
Deposits of Sinking Funds .	17,140	...		17,800	...		18,500	...	
Gold Standard Reserve .	888,268	33,585,292		270,000	31,778,500		...	39,303,800	
Paper Currency Reserve .	...	79,266,406		...	115,584,100		...	108,295,100	
Do. Depreciation Fund	...	1,222,580		...	763,500		...	274,900	
Depreciation Fund for War Loan (1929-47) . .	276,667	...		273,300	...		273,400	...	
Special Reserve . .	...	...		...	22,797,900		...	6,940,000	
Deposit Account with the United States of America.	...	...		35,173,800	...		7,379,300	...	
Departmental and Judicial Deposits . . .	40,669,674	...		40,392,000	...		38,440,000	...	
Advances . . .	8,598,320	2,472,769		18,013,600	2,159,300		9,324,900	432,200	
Suspense Accounts . .	157,790	...		421,100	...		13,205,600	...	
Miscellaneous . . .	2,607,987	742,931		411,100	1,169,900		300,000	828,500	
Total .	62,918,362	117,289,978	180,208,340	103,287,100	174,253,200	277,540,300	75,972,600	156,074,500	232,047,100
Net .			**0**			**0**			**21,111,100**
Carried over .	248,619,645	184,276,925		344,811,700	177,538,400		249,820,500	162,733,000	

Government of India, in India and in England.

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	76,451,161	26,065,057	102,516,218	100,740,100	24,034,800	124,774,900	100,023,300	24,630,500	124,653,800
Add—Provincial Surpluses transferred to "Deposits"	2,256,623	...	2,256,623	1,091,000	...	1,091,000	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	*197,568*	...	*197,568*	*111,500*	...	*111,500*	*1,918,200*	...	*1,918,200*
TOTAL	78,510,216	26,065,057	104,575,273	101,719,600	24,034,800	125,754,400	98,105,100	24,630,500	122,735,600
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	372,528	463	372,991	256,200	1,200	257,400	424,800	8,500	433,300
OUTLAY ON STATE RAILWAYS	3,132,031	439,433	3,571,464	3,700,700	603,400	4,304,100	9,060,000	7,310,500	16,370,500
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	244,257	6,286	250,543	284,100	2,600	286,700	226,700	73,300	300,000
INDIA'S FINANCIAL CONTRIBUTION TO THE WAR	...	100,000,000	100,000,000	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital Outlay	−993,542	310,240	−683,302	−298,200	606,300	308,100	−1,750,600	3,272,000	1,521,400
NET			**−694,144**			**261,000**			**1,499,400**
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for Discharge of Debentures	...	1,082,500	1,082,500	...	1,531,900	1,531,900	...	3,576,400	3,576,400
NET			**805,810**			**1,388,900**			**0**
Permanent Debt Discharged—									
Sterling Debt—									
British Government 5 per cent. War Loan, 1929-47	...	...		...	33,415,000		...	8,900,000	
India Bonds	...	500,000		...	500,000		...	...	
India 4 p. c. Stock	...	163		...	...		...	...	
Rupee Debt—									
5 p. c. War Loan, 1929-47	273,547	...		330,000	...		293,300	...	
4 p. c. Loans	420,420	...		83,900	...		80,000	...	
3½ p. c. Loans	2,021,430	...		79,000	...		...	...	
3 p. c. Loan	94,763	...		14,000	...		6,700	...	
Provincial debentures	20	...		...	...		...	...	
TOTAL	2,810,180	500,163	3,310,343	506,900	33,915,000	34,421,900	380,000	8,900,000	9,280,000
NET			**0**			**14,819,900**			**0**
Temporary Debt Discharged—									
5½ p. c. War Bonds, 1920	...	...		2,700	...		...	...	
Ditto 1922	...	...		22,500	...		...	...	
Treasury Bills	...	...		58,193,300	...		44,047,000	...	
Other Temporary Loans	333,333	...		14,738,100	...		...	...	
Total	333,333	...	333,333	72,956,600	...	72,956,600	44,047,000	...	44,047,000
NET			**0**			**0**			**14,994,700**
Unfunded Debt—									
Post Office Cash Certificates	744,313	...		2,546,600	...		2,000,000	...	
Special Loans	220	...		4,000	...		200	...	
Deposits of Service Funds	96,349	...		99,500	...		99,600	...	
Savings Bank Deposits	7,579,054	...		7,858,100	...		9,051,600	...	
TOTAL	8,419,936	...	8,419,936	10,508,200	...	10,508,200	11,151,400	...	11,151,400
NET			**0**			**0**			**0**
Deposits and Advances—									
Balances of Provincial Allotments	197,568	...		111,500	...		1,918,200	...	
Deposits of Local Funds—									
District Funds	5,680,642	...		5,795,400	...		5,796,600	...	
Other Funds	1,156,951	...		1,246,600	...		1,201,500	...	
Gold Standard Reserve	1,339,686	33,586,249		...	31,778,900		...	39,303,800	
Paper Currency Reserve	...	79,266,406		...	115,584,100		...	108,295,100	
Do. Depreciation Fund	...	1,222,569		...	763,500		...	274,900	
Depreciation Fund for War Loan (1929-47)	256,557	...		293,400	...		273,400	...	
Special Reserve	...	20,000,309		...	9,737,600		...	...	
Deposit account with the United States of America	2,533,084	...		38,020,000	...		2,000,000	...	
Departmental and Judicial Deposits	39,709,033	...		38,402,100	...		41,037,800	...	
Advances	9,099,831	2,496,200		17,612,300	2,358,800		9,235,800	1,086,600	
Suspense Accounts	9,308,748	...		15,552,800	...		1,700	...	
Miscellaneous	110,064	543,188		300	587,600		...	510,600	
TOTAL	69,392,164	137,114,921	206,507,085	117,034,400	160,810,500	277,844,900	61,465,000	149,471,000	210,936,000
NET			**26,298,745**			**304,600**			**0**
Carried over	162,221,103	265,519,063		306,668,500	221,505,700		223,109,400	197,242,200	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	248,619,645	184,276,925		344,811,700	177,538,400		249,820,500	162,733,000	
Loans and Advances by Imperial Government	333,571	...	333,571	898,900	...	898,900	192,200	...	192,200
Net .			**0**			**0**			**0**
Loans and Advances by Provincial Governments . .	1,130,621	...	1,130,621	970,000	...	970,000	1,804,200	...	1,804,200
Net .			**528,737**			**0**			**0**
Loans to Local Boards for Railway Construction . .	41,732	...	41,732	17,300	...	17,300	9,000	...	9,000
Net .			**0**			**17,300**			**9,000**
Remittances—									
Inland Money Orders .	50,414,221	...		51,200,000	...		52,666,700	...	
Other Local Remittances .	225,834	...		16,342,300	...		8,582,600	...	
Other Departmental Accounts . . .	43,384	...		3,000	...		4,100	...	
Net Receipts by Civil Treasuries from—									
Railways . . .	20,566,423	...		20,133,300	...		19,456,300	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs .	8,389,271	...		4,743,600	...		1,228,600	...	
Marine . . .	7,785,456	...		5,008,300	...		4,246,400	...	
Military Works . .	3,878,222	...		4,624,700	...		593,200	...	
Military . . .	72,662,471	...		106,861,100	...		49,599,900	...	
Remittance Account between England and India—									
Transfers through Currency .	...	3,000,000		6,333,300	...		...	...	
Purchase of Silver . .	12,939,900	...		41,166,700	...		16,800,000	...	
War Office transactions .	34,499,546	68,780,995		9,913,000	92,546,000		1,450,000	40,650,000	
Railway transactions . .	942,234	39,932		1,009,800	22,700		7,488,100	517,000	
Other „ . .	6,431,780	17,251,344		9,331,300	17,137,300		9,958,300	6,688,000	
Total .	218,778,742	89,072,271	307,851,013	276,670,400	109,706,000	386,376,400	172,074,200	47,855,000	219,929,200
Net .			**0**			**2,373,600**			**6,174,300**
Secretary of State's Bills drawn . .	...	(a) 24,799,964	24,799,964	...	(c) 6,599,200	6,599,200	...	12,250,000	12,250,000
Sterling Transfers on London drawn . .	...	...	...	5,425,000	...	5,425,000	...	...	...
Total Receipts . .	468,904,311	298,149,160		628,793,300	293,843,600		423,900,100	222,838,000	
Opening Balance . .	15,293,216	(b) 11,391,993		15,325,177	(d) 16,625,416		12,475,477	(e) 13,200,616	
GRAND TOTAL .	484,197,527	309,541,153		644,118,477	310,469,016		436,375,577	236,038,616	

(a) In addition to £1,422,746 and £8,657,972 on account of the Gold Standard Reserve and the Paper Currency Reserve, respectively.
(c) In addition to £14,347,100 on account of the Paper Currency Reserve.
(e) Of this amount £6,000,099 represents the Funds of the Gold Standard Reserve.

Delhi,
Finance Department,
March 21, 1919.

M. F. GAUNTLETT,
Comptroller and Auditor General.

Government of India, in India and in England—*continued.*

	Accounts, 1917-1918.			Revised Estimate, 1918-1919.			Budget Estimate, 1919-1920.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	162,221,103	265,519,063		306,668,500	221,505,700		223,109,400	197,242,200	
Loans and Advances by Imperial Government . .	386,195	...	386,195	966,900	...	966,900	251,700	...	251,700
Net .			**52,624**			**68,000**			**59,500**
Loans and Advances by Provincial Governments .	601,884	...	601,884	2,237,100	...	2,237,100	2,564,300	...	2,564,300
Net .			**0**			**1,267,100**			**760,100**
Loans to Local Boards for Railway Construction.	42,000	...	42,000	...	...	...	...	...	...
Net .			**268**			**0**			**0**
Remittances—									
Inland Money Orders .	50,057,298	...		51,033,300	...		52,666,700	...	
Other Local Remittances	...	...		16,343,100	...		8,582,600	...	
Other Departmental Accounts . . .	281	...		3,000	...		4,100	...	
Net Payments into Civil Treasuries by—									
Railways . . .	20,650,742	...		20,162,200	...		19,456,300	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs .	8,380,858	...		4,743,600	...		1,228,600	...	
Marine . . .	7,473,516	...		5,348,300	...		4,246,400	...	
Military Works . .	3,902,534	...		4,624,700	...		593,200	...	
Military . . .	72,189,385	...		107,461,200	...		49,599,900	...	
Remittance Account between England and India—									
Transfers through Currency . .	3,000,000	...		...	6,333,300		...	...	
Purchase of Silver .	2,000	13,492,012		...	44,000,000		...	12,000,000	
War Office transactions	96,561,733	6,786,697		86,413,000	10,116,000		40,450,000	1,650,000	
Railway transactions .	8,544	973,622		...	1,032,500		...	8,005,100	
Other „ .	18,609,197	6,144,343		17,532,700	8,855,900		9,049,800	6,222,200	
Total .	280,836,088	27,396,674	308,232,762	313,665,100	70,337,700	384,002,800	185,877,600	27,877,300	213,754,900
Net .			**381,749**			**0**			**0**
Secretary of State's Bills paid . .	(a) 24,785,080	...	24,785,080	(c) 8,105,400	...	8,105,400	12,250,000	...	12,250,000
Sterling Transfers on London paid .	...	...	...	...	5,425,000	5,425,000	...	...	...
Total Disbursements .	468,872,350	292,915,737		631,643,000	297,268,400		424,053,000	225,119,500	
Closing Balance .	15,325,177	(d) 16,625,416		12,475,477	(e) 13,200,616		12,322,577	(e) 10,919,116	
GRAND TOTAL .	484,197,527	309,541,153		644,118,477	310,469,016		436,375,577	236,038,616	

(*b*) Of this amount £6,001,456 represents the funds of the Gold Standard Reserve.
(*d*) Of this amount £6,000,499 represents the funds of the Gold Standard Reserve.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1917-18.	Revised, 1918-19.	Budget, 1919-20.
	R	R	R
Madras—			
Balance on April 1st	1,52,37,920	2,01,08,000	1,96,09,000
Special grants from Imperial revenues	28,81,000	40,50,000	34,50,000
Other revenue	8,05,48,980	8,09,40,000	8,51,18,000
Total Revenue including transfers from Imperial revenues	8,34,29,980	8,49,90,000	8,85,68,000
Total Expenditure	7,85,59,463	8,54,89,000	9,60,93,000
Closing Balance	2,01,08,437	1,96,09,000	1,20,84,000
Bombay—			
Balance on April 1st	2,71,28,600	3,91,96,000	4,55,26,000
Special grants from Imperial revenues	25,56,200	31,99,000	27,30,000
Other revenue	8,61,64,747	9,48,20,000	10,10,97,000
Total Revenue including transfers from Imperial revenues	8,87,20,947	9,80,19,000	10,38,27,000
Total Expenditure	7,66,53,239	9,16,89,000	10,52,00,000
Closing Balance	3,91,96,308	4,55,26,000	4,41,53,000
Bengal—			
Balance on April 1st	3,39,64,039	3,67,64,000	3,70,52,000
Special grants from Imperial revenues	45,15,225	51,49,000	48,69,000
Other revenue	6,41,52,575	6,78 08,000	6,81,14,000
Total Revenue including transfers from Imperial revenues	6,86,67,800	7,29,57,000	7,29,83,000
Total Expenditure	6,58,67,166	7,26,69,000	7,77,12,000
Closing Balance	3,67,64,673	3,70,52,000	3,23,23,000
United Provinces—			
Balance on April 1st	1,92,43,564	2,45,24,000	2,54,16,000
Special grants from Imperial revenues	34,41,500	39,62,000	29,17,000
Other revenue	6,96,20,412	7,22,92,000	7,83,86,000
Total Revenue including transfers from Imperial revenues	7,30,61,912	7,62,54,000	8,13,03,000
Total Expenditure	6,77,81,830	7,53,62,000	8,61,10,000
Closing Balance	2,45,23,646	2,54,16,000	2,06,09,000
Punjab—			
Balance on April 1st	1,22,74,795	1,94,52,000	2,26,85,000
Special grants from Imperial revenues	28,70,400	23,99,000	17,55,000
Other revenue	5,21,59,792	5,40,32,000	5,73,95,000
Total Revenue including transfers from Imperial revenues	5,50,30,192	5,64,31,000	5,91,50,000
Total Expenditure	4,78,53,406	5,31,98,000	6,02,28,000
Closing Balance	1,94,51,581	2,26,85,000	2,16,07,000
Burma—			
Balance on April 1st	1,17,79,863	95,12,000	1,35,48,000
Special grants from Imperial revenues	12,93,800	18,94,000	14,44,000
Other revenue	5,42,64,889	6,36.03,000	6,24,56,000
Total Revenue including transfers from Imperial revenues	5,55,58.689	6,54,97,000	6,39,00,000
Total Expenditure	5,78,27,000	6,14,61,000	6,75.88,000
Closing Balance	95,11,552	1,35,48,000	98,60,000
Bihar and Orissa—			
Balance on April 1st	1,48,00,950	1,41,06,000	1,45,54,000
Special grants from Imperial revenues	18,80,675	25,90,000	20,99,000
Other revenue	3,04,34,878	3,28,50,000	3,25,89,000
Total Revenue including transfers from Imperial revenues	3,23,15,553	3,54,40,000	3,46,88,000
Total Expenditure	3,30,10,769	3,49,92,000	3,76.52,000
Closing Balance	1,41,05,734	1,45,54,000	1,15,90,000
Central Provinces—			
Balance on April 1st	1,26,35,273	1,36,77,000	1,25,04,000
Special grants from Imperial revenues	13,59,000	14,72,000	12,24,000
Other revenue	2,97,92,058	2,95,34,000	3,22,57,000
Total Revenue including transfers from Imperial revenues	3,11,51,058	3,10,06,000	3,34,81,000
Total Expenditure	3,01,08,755	3,21,79,000	3,59,33,000
Closing Balance	1,36,77,576	1,25,04,000	1,00,52,000
Assam—			
Balance on April 1st	21,20,213	27,32,000	38,70,000
Special grants from Imperial revenues	5,47,500	6,78,000	6,48,000
Other revenue	1,43,93,056	1,70,56,000	1,68,83,000
Total Revenue including transfers from Imperial revenues	1,49,40,556	1,77,34,000	1,75,31,000
Total Expenditure	1,43.29,235	1,65,96,000	1,76,89,000
Closing Balance	27,31,534	38,70,000	37,12,000
Total—			
Balance on April 1st	14,91,85,217	18,00,71,000	19,47,64,000
Special grants from Imperial revenues	2,13,45,300	2,53,93,000	2.11,36,000
Other revenue	48,15.31,387	51,29,35,000	53,42,95,000
Total Revenue including transfers from Imperial revenues	50,28,76,687	53,83,28,000	55,54,31,000
Total Expenditure	47,19,90,863	52,36,35,000	58,42,05,000
Closing Balance	18,00,71,041	19,47,64,000	16,59,90,000
Total (in sterling)—	£	£	£
Balance on April 1st	9,945,681	12,004,700	12,984,200
Special grants from Imperial revenues	1,423,020	1,692,900	1,409,100
Other revenue	32,102,092	34,195,600	35.619,700
Total Revenue including transfers from Imperial revenues	33,525,112	35,888,500	37,028,800
Total Expenditure	31,466,057	34,909,000	38,947,000
Closing Balance	12,004,736	12,984,200	11,066,000

M. F. GAUNTLETT, *Comptroller and Auditor General.*

E. M. COOK, *Controller of Currency.*

H. F. HOWARD, *Secy. to the Govt. of India.*

DELHI,
FINANCE DEPARTMENT,
March 21, 1919.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE		ACCOUNTS, 1917-1918.					REVISED ESTIMATE, 1918-1919.		BUDGET ESTIMATE, 1919-1920.	
			EXPENDITURE.							
		Revenue.	Refunds and Assignments.	Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges
Revenue Heads.		£	£	£	£	£	£	£	£	£
Principal Heads of Revenue	Land Revenue (excluding that due to Irrigation)	21,607,246	783,044	3,782,276	17,041,926		15,902,500		17,738,300	
	Opium	3,078,903	3,576	1,108,782	1,966,545		1,888,200		2,006,500	
	Salt	5,499,487	290,667	427,457	4,781,363		2,981,300		3,028,900	
	Stamps	5,727,522	58,848	176,322	5,492,352		5,648,500		5,872,700	
	Excise	10,161,706	104,311	484,548	9,572,847		10,905,100		11,427,600	
	Provincial Rates	28,633	125	...	28,508		29,400		34,500	
	Customs	11,036,588	348,065	285,276	10,403,247		11,557,900		12,660,900	
	Income Tax	6,308,104	59,597	42,518	6,205,989		7,159,100		13,361,600	
	Forest	2,731,284	11,540	1,411,042	1,308,702		1,149,100		1,289,300	
	Registration	527,590	963	269,344	257,283		263,100		264,100	
	Tributes	597,670	206,394	...	391,276		393,500		405,600	
	TOTAL	67,304,733	1,867,130	7,987,565	57,450,038		57,877,700		68,090,200	
	Total deduction from Revenue		9,854,695							
Expenditure Heads.										
Debt Services	Interest	2,170,108	7,328,169			5,158,061		4,023,700		4,126,100
Commercial Services	Posts and Telegraphs	4,616,690	3,567,730		1,048,960		1,206,400		1,136,600	
	Railways	24,141,708	14,227,385		9,914,323		11,193,400		6,904,000	
	Irrigation	5,063,879	3,784,838		1,279,041		1,413,900		1,440,800	
Other Public Works	Civil Works, etc.	323,599	5,048,294			4,724,695		5,260,200		6,609,700
Mint	Mint	517,401	167,382		350,019		1,409,800		1,072,000	
Civil Departments	Civil Departments	1,935,364	20,855,368			18,920,004		22,146,900		22,591,600
Miscellaneous Civil Services	Superannuation	212,656	3,485,193			3,272,537		3,336,900		3,394,200
	Exchange	3,145,186	...		3,145,186		4,400,000		1,066,700	
	Miscellaneous	1,416,465	1,098,572		317,893			84,500	134,100	
	Other heads	94,049	1,334,942			1,240,893		1,311,700		1,388,300
Famine Relief and Insurance	Famine Relief	...	3,765			3,765		677,600		1,435,800
	Other heads	...	996,235			996,235		322,400		353,300
Military Services	Army—Effective	1,183,582	24,994,307			23,810,725		37,042,200		34,080,800
	Army—Non-effective	120,348	3,099,597			2,979,249		3,467,600		4,444,600
	Marine	322,155	807,824			485,669		696,200		932,600
	Military works	94,424	1,861,109			1,766,685		2,720,000		1,737,000
	Special Defences (1902)	...	813			813		...		...
	TOTAL	112,662,347	102,516,218		10,146,129			3,583,700		1,249,600
Provincial Adjustment	Surplus	...	2,059,055			2,059,055		979,500		
	Deficit	...	...						1,918,200	
	TOTAL	112,662,347	104,575,273		8,087,074			4,568,200	668,600	
	Surplus				8,087,074				668,600	
	Deficit							4,568,200		
Capital Account	Railway, Irrigation and other Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways				—500,000					
	Capital contributed by Indian States towards construction of State Railways				100,000					
	Capital raised and deposited by Railway Companies (net)					805,810		1,388,900	165,700	
	Outlay on Irrigation Works					372,991		257,400		433,300
	Outlay on State Railways					3,571,464		4,304,100		16,370,500
	Initial outlay on new Capital at Delhi					250,543		286,700		300,000
	India's Financial Contribution to the War					100,000,000				
	Outlay of Railway Companies (net)					—694,144		261,000		1,499,400
Debt, Deposits, Advances, and Remittances	Permanent Debt (net)				69,239,218			14,819,900	724,000	
	Temporary Debt (net)				49,267,455		15,737,600			14,924,700
	Unfunded Debt (net)				9,568,066		4,629,100		3,130,400	
	Loans and Advances by Imperial Government (net)					52,624		68,000		59,500
	Loans and Advances by Provincial Governments (net)				528,737			1,267,100		760,100
	Loans to Local Boards for Railway Construction (net)					268	17,300		9,000	
	Deposits and Advances (net)					26,298,745		304,600	21,111,100	
	Remittances (net)					381,749	2,373,600		6,174,300	
	Secretary of State's Bills drawn				24,795,964		6,599,200		12,250,000	
	Secretary of State's Bills paid					24,785,080		8,105,400		12,250,000
	Sterling Transfers on London drawn						5,425,000			
	Sterling Transfers on London paid							5,425,000		
					161,090,514	155,825,130	34,781,800	41,056,300	44,283,100	46,667,500
Cash Balance	Opening Balance				26,685,209		31,950,593		25,676,093	
	Closing Balance					31,950,593		25,676,093		23,241,693
	TOTAL				187,775,723	187,775,723	66,732,393	66,732,393	69,909,193	69,909,193

M. F. GAUNTLETT,
Comptroller and Auditor General.

E. M. COOK,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 21, 1919.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

Introductory.

In this memorandum the variations between the Budget and the Revised estimates of the current year, and between the latter and the Budget estimates of next year, are explained in detail for the major heads of account. Under most of the heads details by provinces have been given, and it may be explained that the figures shown against "India General" represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara and Coorg, and of the convict settlement in the Andamans. The Budget estimates of Provincial and "Divided" expenditure in 1919-20 generally represent the allotments proposed by the several Governments and Administrations with whom regular provincial settlements have been concluded. More detailed information regarding the figures will be found in the Financial Statements presented by the local Governments to their respective Councils.

2. The figures for the province of Delhi have been entered separately and explained under each major head of account. A *pro formâ* account of expenditure on Delhi and the Delhi province is also appended to this memorandum (Appendix I), together with a prefatory note explaining the scope of the *pro formâ* account and the relation between it and the regular accounts.

3. A statement is added to the memorandum (Appendix II) bringing together for each province and for the Home treasury of the Government of India the actual revenue and expenditure under each major head during the last year, the Revised estimates of the current year and the Budget estimates of the next year. The statement takes the place of a return which was formerly presented separately to Parliament and will serve as an expansion of the totals of revenue and expenditure exhibited in the Budget Statements proper (Statements A to E) and as a summary of the figures shown for each province under the several heads in this memorandum.

General results.

4. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year, are as follows :—

	Accounts, 1917-18.
	£
Revenue	112,662,347
Expenditure charged to Revenue	104,575,273
Imperial surplus	8,087,074

	Revised, 1918-19.
	£
Revenue	121,186,200
Expenditure charged to Revenue	125,754,400
Imperial deficit	4,568,200

	Budget, 1919-20.
	£
Revenue	123,404,200
Expenditure charged to Revenue	122,735,600
Imperial surplus	668,600

These figures exclude all capital, debt and remittance transactions.

Accounts, 1917-18.

5. The Accounts of 1917-18 are not discussed in this memorandum, but according to our usual practice in the past a brief explanation is given below of the principal divergences between the Revised estimates of revenue and expenditure as submitted to the Council twelve months ago, and the actual accounts of the year as closed, audited and compiled by the Comptroller and Auditor-General.

6. The broad results are brought out in the following table :—

	Revised, 1917-18.			Actuals, 1917-18.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
	£	£	£	£	£	£
Revenue . . .	76,563,200	33,361,100	109,924,300	79,137,200	33,525,100	112,662,300
Expenditure . .	70,851,600	31,523,400	102,375,000	71,050,100	31,466,100	102,516,200
Surplus .	5,711,600	1,837,700	7,549,300	8,087,100	2,059,000	10,146,100

7. The Imperial revenue exceeded the Revised estimate by £2,574,000 and the Imperial expenditure by £198,500, with the result that the surplus was £2,375,500 more than was anticipated. The bulk of the increase in revenue occurred under exchange (£2,145,200) due to the application of the higher exchange rate of 1*s.* 5*d.* the rupee to recoveries of a portion of the war disbursements in India on behalf of His Majesty's Government. An agreement was reached with His Majesty's Government, after the Revised estimates for 1917-18 were closed, that the rate of 1*s.* 5*d.* should be applied, with effect from the 1st October 1917, to rupee payments of a *quasi*-commercial character, *e.g.*, for the supply of military stores, the purchase of commodities and the remittance of funds, as distinguished from payments to *personnel.* There was an increase of £341,100 in the gross traffic receipts from railways, mainly on the North-Western, Bombay, Baroda and Central India and Madras and Southern Mahratta lines owing to large movements of troops and military stores towards the close of the year. The working expenses were also higher by £238,600, mainly on the North-Western and Great Indian Peninsula lines, so that the betterness in the net receipts of railways amounted to £102,500. Super-tax and postal and telegraph revenue showed improvements of £218,300 and £124,600 respectively, and a saving of £163,300 occurred in political expenditure. On the other hand, customs revenue declined by £167,600, mainly under the import duty on cotton manufactures, while the net military expenditure was higher by £260,700 owing to an increase in the charges for operations on the Frontier and the movement of troops and stores.

The improvement of £221,300 in the Provincial section was the result of better collections of excise and forest revenue and of savings in the grants for expenditure on civil works and land revenue establishments, partly set off by an excess under police expenditure.

Authors of Memorandum.

8. Paragraphs 207 to 221 of the memorandum have been communicated by the Honourable Sir Godfrey Fell, K.C.I.E., C.S.I., Financial Adviser, Military Finance, and paragraphs 167 to 176 and 233 to 236 by Mr. H. M. C. Trotter, Accountant General, Railways; the rest of the memorandum has been drafted by Mr. A. V. Venkataramana Aiyar, C.I.E., Assistant Secretary in the Finance Department.

I AND 3.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	7,14,006	7,60,795	8,07,247	7,92,000	7,72,000	7,12,000
2. Delhi	4,13,467	3,48,021	3,35,608	3,73,000	2,79,000	2,99,000
3. Baluchistan	9,45,527	10,85,662	10,27,245	10,54,000	8,69,000	9,41,000
4. North-West Frontier	22,03,033	22,05,190	23,00,103	23,47,000	23,37,000	22,10,000
5. Other Provinces	23,80,959	40,19,895	34,52,032	24,00,000	22,60,000	22,75,000
Total	66,56,992	84,19,563	79,22,235	69,66,000	65,17,000	64,37,000
Divided and Provincial.						
1. Madras	6,97,93,862	7,00,16,684	7,03,23,132	7,15,04,000	6,85,54,000	7,17,56,000
2. Bombay	5,49,84,813	5,41,07,087	5,18,27,981	5,64,79,000	4,35,45,000	5,55,47,000
3. Bengal	2,32,05,800	2,79,27,219	2,75,15,426	2,79,94,000	2,81,21,000	2,80,41,000
4. United Provinces	6,93,40,212	6,66,08,251	6,71,55,442	6,71,69,000	5,88,14,000	6,77,72,000
5. Punjab	3,87,69,925	4,04,51,302	4,18,61,056	4,18,15,000	4,17,63,000	4,39,53,000
6. Burma	4,66,63,827	4,75,95,073	4,15,42,243	5,50,00,000	5,26,60,000	5,03,00,000
7. Bihar and Orissa	1,50,92,834	1,54,66,425	1,47,10,160	1,53,65,000	1,55,15,000	1,57,43,000
8. Central Provinces	1,97,48,498	1,98,54,287	1,96,61,766	2,00,60,000	1,72,50,000	2,14,51,000
9. Assam	78,16,453	75,79,713	81,22,671	84,47,000	84,08,000	86,81,000
Total	35,04,16,224	34,96,06,041	34,27,19,877	36,38,33,000	33,46,30,000	36,32,44,000
TOTAL REVENUE ₹	35,70,73,216	35,80,25,604	35,06,42,112	37,07,99,000	34,11,47,000	36,96,81,000
Shown under I.—Land Revenue ₹	33,04,67,411	33,06,18,976	32,41,08,686	34,19,78,000	31,20,88,000	34,02,97,000
Shown under XXIX.—Irrigation ₹	2,66,05,805	2,74,06,628	2,65,33,426	2,88,21,000	2,90,59,000	2,93,84,000
Equivalent of total Revenue in Sterling £	23,804,881	23,868,373	23,376,141	24,720,000	22,743,200	24,645,400
Shown under I.—Land Revenue £	22,031,161	22,041,265	21,607,246	22,798,600	20,805,900	22,686,400
Shown under XXIX.—Irrigation £	1,773,720	1,827,108	1,768,895	1,921,400	1,937,300	1,959,000

EXPENDITURE.

Imperial.						
1. India General	4,13,480	4,10,603	4,40,276	4,24,000	4,44,000	4,54,000
2. Delhi	1,06,710	1,03,806	87,993	1,05,000	86,000	88,000
3. Baluchistan	2,29,586	2,20,136	2,22,053	2,27,000	2,28,000	2,49,000
4. North-West Frontier	6,32,824	6,57,547	6,66,878	7,27,000	6,84,000	7,33,000
5. Other Provinces	30,42,742	26,60,612	26,49,340	32,23,000	28,07,000	27,47,000
Total	44,25,342	40,52,704	40,66,540	47,06,000	42,49,000	42,71,000
Provincial.						
1. Madras	1,23,55,014	1,22,76,233	1,24,81,018	1,27,63,000	1,29,50,000	1,34,24,000
2. Bombay	86,58,731	82,57,931	84,34,940	89,29,000	1,00,95,000	1,03,56,000
3. Bengal	34,76,687	34,92,481	34,94,026	36,28,000	35,18,000	38,14,000
4. United Provinces	95,07,344	95,69,444	96,19,515	97,76,000	1,02,39,000	96,88,000
5. Punjab	49,46,687	47,29,433	46,58,607	55,45,000	50,65,000	54,75,000
6. Burma	70,94,318	68,54,578	60,19,036	69,01,000	72,59,000	70,26,000
7. Bihar and Orissa	23,12,937	22,98,084	23,72,987	24,16,000	24,16,000	24,41,000
8. Central Provinces	41,26,317	39,98,035	39,61,980	40,65,000	42,20,000	41,52,000
9. Assam	16,37,550	16,43,845	15,93,202	15,82,000	15,78,000	16,13,000
Total	5,41,15,585	5,31,20,064	5,26,35,311	5,56,05,000	5,73,40,000	5,79,89,000
TOTAL INDIA ₹	5,85,40,927	5,71,72,768	5,67,01,851	6,03,11,000	6,15,89,000	6,22,60,000
Equivalent in Sterling £	3,902,729	3,811,518	3,780,124	4,020,700	4,105,900	4,150,700
England £	985	1,615	2,152	1,500	1,300	1,600
TOTAL EXPENDITURE £	3,903,714	3,813,133	3,782,276	4,022,200	4,107,200	4,152,300

9. The Imperial expenditure shown against " Other Provinces " in the table on the preceding page represents the cost of survey and record-of-right operations on a large scale in Bengal and in Bihar and Orissa, undertaken more for administrative than for fiscal purposes. The expenditure is of a temporary and varying character and was accordingly not considered suitable for inclusion in the financial settlements with the two provinces. Three-fourths of the charges are eventually recovered from landlords and tenants for the protection of whose rights the operations are primarily undertaken; and the recoveries are shown in the table as Imperial revenue against " Other Provinces ".

REVENUE.

(*a*) *Wholly Imperial.*

Revised, 1918-19.

10. The Revised estimate for 1918-19 is less than the Budget by ₹4·49 lakhs. A reduction of ₹1·40 lakhs is due to the postponement of recoveries of survey and settlement charges necessitated by the prevalence of scarcity in the Palamau district in Bihar and Orissa and damage caused by floods in the Rajshahi district in Bengal. The balance of the decrease occurs in the land revenue collections, mainly in Baluchistan (₹1·85 lakhs) and Delhi (₹94,000), as the result of unfavourable agricultural prospects.

Budget, 1919-20.

11. The Budget estimate for 1919-20 is less than the Revised for 1918-19 by ₹80,000. An increase in the receipts on account of survey and settlement charges owing to the recovery of the current year's suspensions in Bihar and Orissa and Bengal will be set off by a fall in the latter province as the result of a reduction in the programme of operations. Under land revenue collections, there will be decreases in the North-West Frontier Province (₹1·27 lakhs) and Ajmer (₹63,000) owing to the poor prospects of the ensuing harvest, but part of the revenue suspended in the current year in Baluchistan and Delhi will be realised in 1919-20.

(*b*) *Divided and wholly Provincial.*

Revised, 1918-19.

12. The total collections in 1918-19 will fall short of the Budget estimate by ₹2,92·03 lakhs. The agricultural prospects of the current year have been adversely affected by the failure of the rains over wide parts of Bombay and the United Provinces, and to a smaller extent in the Central Provinces, Madras, Bihar and Orissa, and the Punjab. Remissions and suspensions of revenue aggregating ₹49 and ₹2,59 lakhs respectively have been granted in these provinces, and the receipts will fall short of the Budget by ₹1,29·34 lakhs in Bombay, ₹83·55 lakhs in the United Provinces, ₹29·50 lakhs in Madras, and ₹28·10 lakhs in the Central Provinces. The decline in revenue would have been greater but for collections of arrears in the early months of the current year in almost all the provinces but chiefly in Bombay, and for improved receipts from the sale of waste lands and Government estates in the Punjab. There will also be a large decrease in Burma (₹23·40 lakhs), owing to distress caused in some districts by the unfavourable condition of the paddy market during the greater part of the year and an anticipated reduction in the area under cultivation with rice in the current season. Bengal and Bihar and Orissa are the only provinces where an excess over the Budget estimate (₹2·77 lakhs) is anticipated; there was a throw-forward of collections to the current year in these provinces owing to the *kist* days at the end of March 1918 falling within the Easter holidays.

Budget, 1919-20.

13. The total Budget estimate for 1919-20 is more than the Revised estimate for 1918-19 by ₹2,86·14 lakhs. The estimates have been framed on the basis of normal monsoon conditions in the ensuing year. It is expected that part of the revenue suspended in the current year in the provinces named above will be collected in 1919-20, but provision has been made for further remissions and suspensions in the latter year aggregating ₹65 and ₹1,66 lakhs respectively. The decrease in Burma (₹23·60 lakhs) is explained by the fact that the Revised estimate for the current year includes a large amount of revenue postponed from 1917-18 owing to the unsettled condition of the paddy market in the latter part of that year.

EXPENDITURE.

(*a*) *Wholly Imperial* (*India and England*).

14. The saving of R4·60 lakhs on the Budget estimate for 1918-19 is chiefly due to lapses in the grants for survey and settlement expenditure in Bengal and Bihar and Orissa. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year. *Revised, 1918-19.* *Budget, 1919-20.*

(*b*) *Provincial.*

15. The total expenditure in the current year will exceed the Budget estimate by R17·35 lakhs. An important cause of the excess is the grant of compensation to subordinate establishments for high prices; the expenditure on this account is estimated at R29·84 lakhs for all provinces, the largest provision being required in Bombay (R16·80 lakhs) and Madras (R5·22 lakhs). Among other causes contributing to an increase over the Budget are the purchase of land in the United Provinces for rewarding Indian soldiers who have distinguished themselves in the war (R5·22 lakhs) and larger outlay on commission on revenue collections in Burma postponed from 1917-18 (R4·56 lakhs). There will, on the other hand, be considerable savings owing to lapses in the provision for a new district and revision of district establishments in the Punjab (R2·33 lakhs), the transfer to the head Minor Works and Navigation in the same province of the charges for the Thal survey for which provision was included under this head in the Budget (R2·54 lakhs), smaller outlay on improvements in Government estates in Bengal (R1·11 lakhs), and minor lapses in the grants for village and other establishments mainly in Bombay and Madras. *Revised, 1918-19.*

16. The total Budget for 1919-20 exceeds the Revised for the current year by R6·49 lakhs. Provision has generally been based on existing sanctions and commitments. An expenditure of R24·30 lakhs is anticipated on compensation for high prices, mainly in Bombay (R14·42 lakhs) and Madras (R6·19 lakhs), but in some provinces provision for this expenditure is shown under the head Miscellaneous. The grants made in the current year's Budget for the formation of a new district (R1·33 lakhs) and the re-organisation of district establishments (R1·27 lakhs) in the Punjab have been repeated for the next year. Special allotments have also been made for measures to arrest the denudation of the Siwaliks in the same province (R1·50 lakhs), for the revision of village establishments in Sind (R1·66 lakhs) and Madras (R66,000) and for increased outlay on the improvement of Government estates (R1·16 lakhs), the introduction of the circle system (R85,000) and a larger programme of settlement operations (R96,000) in Bengal. *Budget, 1919-20.*

II AND 4—OPIUM.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
INDIA.						
Revenue—						
Sale of provision and medical Opium .	2,41,19,712	4,15,78,728	4,02,73,194	4,10,27,000	4,16,24,000	3,89,50,000
Excise Opium and other Revenue .	45,83,000	58,21,345	59,10,344	68,50,000	68,10,000	68,93,000
TOTAL ₹	2,87,02,712	4,74,00,073	4,61,83,538	4,78,77,000	4,84,34,000	4,58,43,000
Equivalent in Sterling £	1,913,514	3,160,005	3,078,903	3,191,800	3,229,000	3,056,200
Expenditure—						
Purchase of Opium (including payments to Cultivators) .	1,58,70,745	1,21,60,402	1,49,80,342	1,68,02,000	1,81,16,000	1,36,17,000
Other Charges . .	12,82,616	15,13,254	16,30,472	19,94,000	19,33,000	20,65,000
TOTAL INDIA ₹	1,71,53,361	1,36,73,656	1,66,10,814	1,87,96,000	2,00,49,000	1,56,82,000
Equivalent in Sterling £	1,143,557	911,577	1,107,387	1,253,100	1,336,600	1,045,500
ENGLAND.						
Miscellaneous Charges £	774	817	1,395	1,200	600	600
TOTAL £	1,144,331	912,394	1,108,782	1,254,300	1,337,200	1,046,100

REVENUE.

(*i*) *Provision and Medical opium.*

Revised, 1918-19. 17. The Budget estimate for 1918-19 provided for a revenue of ₹4,10·27 lakhs from the sale of about 15,700 chests of opium for consumption outside India. Of this quantity 5,600 chests were to be disposed of at the monthly auctions held at Calcutta, and the balance was to be supplied to the Foreign Governments with which agreements have been entered into for the direct supply of opium at fixed prices (*viz.*, the Straits Settlements, Hong-Kong, the Netherlands Indies, Siam and British North Borneo) or sold in England for medicinal purposes. The number of chests to be sold by auction was reduced during the year by 498 chests. On the other hand, the average price realised will, partly as the result of this reduction, amount to ₹3,413 a chest or ₹213 more than the upset price of ₹3,200, and the proceeds from auction sales are estimated at ₹1,74·15 lakhs. Taking into account opium supplied direct to other countries and sold in England for medicinal purposes, it is expected that about 15,100 chests will be disposed of in the current year, and that they will fetch a revenue of ₹4,16·24 lakhs.

Budget, 1919-20. 18. The Budget estimate for 1919-20 anticipates a revenue of ₹3,89·50 lakhs from the sale of provision and medical opium.

(*ii*) *Excise opium and other revenue.*

19. The variations are unimportant. Only the amount charged to local Governments on account of the cost of production of opium consumed in India is credited under this head, the difference between the actual price of issue and the cost of production forming an item of excise revenue.

EXPENDITURE.

Revised, 1918-19. 20. The Revised estimate for 1918-19 exceeds the Budget provision by ₹12·44 lakhs. The former includes some special expenditure in connection with purchases of mature Malwa opium effected in the current year. This extra expenditure will, however, be set off to a considerable extent by savings *Budget, 1919-20.* in the provision for payments to cultivators in the United Provinces and in the Central India States. The Budget estimate for 1919-20 provides for normal expenditure.

III AND 5.—SALT.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
REVENUE.						
Northern India (*a*)	1,47,09,662	2,54,11,204	3,51,00,571	55,01,000	1,29,02,000	57,01,000
Madras (*a*)	1,15,78,575	1,28,65,839	1,61,98,441	1,61,80,000	1,78,41,000	1,70,64,000
Bombay (*a*)	1,39,91,462	1,80,09,168	1,73,25,271	1,82,00,000	1,88,00,000	1,83,47,000
Bengal (*b*)	1,23,67,112	1,34,04,794	1,09,13,107	95,00,000	1,04,00,000	1,41,00,000
Burma (*b*)	20,64,895	27,01,850	29,53,959	30,00,000	33,00,000	35,00,000
Bihar and Orissa	1,256	266	120	1,000	1,000	1,000
Assam	840	770	837	1,000	1,000	1,000
TOTAL ₹	5,47,13,802	7,23,93,891	8,24,92,306	5,23,83,000	6,32,45,000	5,87,14,000
Equivalent in Sterling £	3,647,587	4,826,260	5,499,487	3,492,200	4,216,300	3,914,300
CHARGES.						
Establishment charges	43,72,216	43,55,554	48,23,761	52,55,000	59,90,000	64,51,000
Cost of salt purchased by Government	12,41,171	15,91,345	15,82,318	21,57,000	24,09,000	26,04,000
Total India ₹	56,13,387	59,46,899	64,06,079	74,12,000	83,99,000	90,55,000
Equivalent in Sterling £	374,226	396,460	427,072	494,100	559,900	603,700
England £	2,496	1,726	385	2,500	2,100	1,000
TOTAL £	376,722	398,186	427,457	496,600	562,000	604,700
Total Consumption Mds.	4,74,62,000	5,10,38,000	4,48,03,000	5,12,75,000	5,14,30,000	5,48,80,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

REVENUE.

Revised, 1918-19.

21. As anticipated in the Budget estimate, no fresh indents for salt were received from ordinary traders in Northern India in the current year and the receipts of duty relate therefore mainly to preferential issues to local bodies, co-operative credit societies, Indian States, etc. An offer to refund the duty paid by them in advance in previous years was made to the traders towards the close of 1917-18; in the current year's Budget allowance was made for the throw-forward to that year of part of the claims for refund,—the estimated revenue being shown *net* after deducting from the fresh duty receipts the payments anticipated on account of refunds. These payments have amounted to ₹63 lakhs, but provision for them is now included in the Revised estimate under the expenditure head Refunds and Drawbacks (*vide* paragraph 57). This change in the method of exhibition of refunds accounts for the greater part of the increase of ₹74·01 lakhs in the Revised estimate of revenue in Northern India as compared with the Budget, the balance being due to larger receipts of duty on preferential issues.

Increases are also anticipated in Madras (₹16·61 lakhs) owing mainly to the continuance of the sale of Government salt by auction in certain factories; in Bengal (₹9 lakhs) as the result of special endeavours made to arrange for larger supplies of imported salt in the current year by the provision of additional tonnage; and in Bombay (₹6 lakhs) due to the removal of restrictions on the issue of Baragora salt with effect from the 1st February 1919.

Budget, 1919-20.

22. The total issues of salt in 1919-20, imported as well as locally manufactured, are taken at 5,49 lakhs of maunds. In estimating however the net receipts of duty during the year, allowance has been made for the advance payments made in Northern India in previous years (the outstanding amount of which is still considerable) and for the discontinuance of auction sales in Madras. Inclusive of sale-proceeds of Government salt and other miscellaneous receipts, the Budget estimate of revenue for 1919-20 has accordingly been placed at R5,87·14 lakhs.

EXPENDITURE.

Revised, 1918-19.

23. The Revised estimate for 1918-19 exceeds the Budget by R9·81 lakhs. Part of the increase (R2·21 lakhs) is due to the grant of war allowances to subordinate establishments in all the areas of local manufacture, *viz.*, Northern India, Madras and Bombay. Among other causes of increase are (*i*) an extension of the Pritchard salt works (R2·82 lakhs) and heavier bagging and sewing charges (R2·90 lakhs) in Bombay and (*ii*) a scheme for controlling the price of salt in mofussil stations in Madras (R1·10 lakhs). The last two items of expenditure will be largely set off by recoveries credited as salt revenue. The

Budget, 1919-20

Budget estimate for 1919-20 is more than the Revised for the current year by R6·40 lakhs. It includes provision for the continuance of war allowances, for further expenditure on the extension of the Pritchard salt works (R7·28 lakhs) and for the reorganisation of the combined salt and excise establishment (R 1 lakh) in Bombay, and for the scheme for controlling prices in Madras (R1·70 lakhs). On the other hand, a decrease (R2·58 lakhs) is anticipated in Northern India owing to the elimination of expenditure on the extension of salt works included in the Revised estimate.

IV AND 6.—STAMPS.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General . .	4,45,677	4,22,188	4,12,364	3,99,000	5,33,000	5,84,000
2. Delhi . . .	3,22,777	3,53,754	4,06,417	3,79,000	4,59,000	4,59,000
3. Baluchistan . .	89,550	86,815	90,488	91,000	98,000	96,000
4. North-West Frontier	6,74,843	7,05,227	7,29,270	7,47,000	7,30,000	7,74,000
TOTAL .	15,32,847	15,67,984	16,38,539	16,16,000	18,20,000	19,13,000
Divided.						
1. Madras . . .	1,51,01,998	1,55,89,277	1,54,23,197	1,59,50,000	1,60,00,000	1,65,00,000
2. Bombay . . .	85,28,187	97,64,993	1,01,52,670	1,04,00,000	1,17,00,000	1,22,00,000
3. Bengal . . .	2,24,37,340	2,41,51,970	2,32,11,830	2,41,00,000	2,48,00,000	2,55,00,000
4. United Provinces .	1,25,11,383	1,29,89,366	1,31,52,795	1,37,00,000	1,24,00,000	1,27,00,000
5. Punjab . . .	58,11,218	59,82,286	60,00,300	61,50,000	58,30,000	60,50,000
6. Burma . . .	35,15,055	36,64,993	31,82,389	35,00,000	34,00,000	35,00,000
7. Bihar and Orissa .	66,97,240	73,22,624	74,79,901	78,50,000	72,50,000	73,50,000
8. Central Provinces .	39,44,865	41,82,422	42,54,212	43,00,000	41,60,000	43,20,000
9. Assam . . .	14,24,354	14,34,522	14,16,997	15,04,000	13,88,000	14,23,000
TOTAL .	7,99,71,640	8,50,82,453	8,42,74,291	8,74,54,000	8,69,28,000	8,95,43,000
TOTAL REVENUE ₹	8,15,04,487	8,66,50,437	8,59,12,830	8,90,70,000	8,87,48,000	9,14,56,000
Distribution of Total Revenue :—						
Court Fees and Plain Paper . . .	5,60,06,140	5,89,86,754	5,84,00,069	6,13,22,000	5,88,90,000	5,98,22,000
Commercial and other stamps . . .	2,48,62,238	2,72,54,189	2,72,08,770	2,64,69,000	2,85,81,000	3,02,39,000
Other Revenue . .	6,36,109	4,09,494	3,03,991	12,79,000	12,77,000	13,95,000
Equivalent of total revenue in Sterling £	5,433,632	5,776,696	5,727,522	5,938,000	5,916,500	6,097,100

EXPENDITURE.

Imperial.						
1. India General :—						
(*i*) Superintendence and other charges .	2,25,214	2,67,970	3,34,059	3,63,000	3,94,000	3,99,000
(*ii*) Credits for value of stamps supplied to Local Governments and administrations and to the Postal and Telegraph Departments.	—15,01,791	—15,82,435	—18,02,065	—17,83,000	—18,23,000	—18,69,000
2. Delhi . . .	6,456	6,804	7,682	6,000	8,000	7,000
3. Baluchistan . .	1,312	1,376	1,494	1,000	1,000	1,000
4. North-West Frontier	22,405	28,260	26,422	29,000	27,000	30,000
TOTAL .	—12,46,404	—12,78,025	—14,32,408	—13,84,000	—13,93,000	—14,32,000
Divided.						
1. Madras . . .	4,13,897	4,46,380	4,87,691	4,52,000	4,67,000	4,62,000
2. Bombay . . .	2,38,679	2,59,181	3,13,188	2,96,000	3,35,000	3,22,000
3. Bengal . . .	5,82,710	6,26,371	6,30,197	7,37,000	6,31,000	6,83,000
4. United Provinces .	2,63,448	2,58,580	2,78,032	2,87,000	2,64,000	2,74,000
5. Punjab . . .	1,78,242	1,76,799	1,86,036	2,03,000	1,86,000	1,98,000
6. Burma . . .	94,632	1,00,503	87,327	98,000	1,00,000	99,000
7. Bihar and Orissa .	1,77,887	1,91,031	2,10,148	2,32,000	2,20,000	2,32,000
8. Central Provinces .	1,10,505	1,18,406	1,20,154	1,30,000	1,25,000	1,28,000
9. Assam . . .	48,108	48,680	43,775	50,000	44,000	46,000
TOTAL .	21,08,108	22,25,931	23,56,548	24,85,000	23,72,000	24,44,000
TOTAL INDIA . ₹	8,61,704	9,47,906	9,24,140	11,01,000	9,79,000	10,12,000
Equivalent in Sterling £	57,447	63,194	61,609	73,400	65,300	67,500
England . £	89,703	110,272	114,713	120,000	145,000	98,700
TOTAL EXPENDITURE £	147,150	173,466	176,322	193,400	210,300	166,200

REVENUE.

(*a*) *Wholly Imperial.*

Revised, 1918-19. 24. The Revised estimate for the current year exceeds the Budget by R2·04 lakhs. The increase occurs in Delhi (R80,000) and other minor administrations (R1·34 lakhs) as the result of improved trade conditions.

Budget, 1919-20. The Budget estimate for 1919-20 is R93,000 more than the current year's Revised estimate.

(*b*) *Divided.*

Revised, 1918-19. 25. The total Revised for 1918-19 is less than the Budget by R5·26 lakhs. Increases are anticipated in Bombay (R13 lakhs) and Bengal (R7 lakhs), owing to the satisfactory conditions of local trade and industries during the greater part of the year, but they will be more than set off by a decline in almost all the other provinces attributable to stagnation in business and check to litigation which have resulted from the influenza epidemic and unfavourable agricultural conditions. The decrease is largest in the United Provinces (R13 lakhs), Bihar and Orissa (R6 lakhs) and the Punjab (R3·20 lakhs). The revenue from non-judicial stamps is expected to be more than the Budget by R20 lakhs, but that derived from court-fee stamps will be less by R25 lakhs.

Budget, 1919-20. 26. The Budget for 1919-20 provides for a moderate growth in revenue in all the provinces in the expectation that the sales of court-fee stamps will show a recovery, and is taken at R26·15 lakhs higher than the Revised estimate for 1918-19.

EXPENDITURE.

27. The cost of all stamps and stamp paper supplied from England is charged under this head, and an adjustment is made in India transferring to Posts and Telegraphs the cost of stamps used for postal and telegraph purposes. Similarly the cost of revenue stamps supplied to Local Governments and Administrations is debited to them in the Provincial section of the accounts by *per contra* credit in the Imperial section under this head. The credits on both these accounts are shown against item I (*ii*) under expenditure in the table on the preceding page.

(*a*) *Wholly Imperial* (*including outlay in England*).

Revised, 1918-19. 28. The Revised estimate for 1918-19 exceeds the Budget by R3·66 lakhs owing to larger outlay in England on the manufacture of stamps. The

Budget, 1919-20. decrease of R7·33 lakhs in the Budget for 1919-20 as compared with the Revised for the current year occurs almost entirely in the same item of expenditure.

(*b*) *Divided.*

Revised, 1918-19. 29. The Revised estimate for the current year is less than the Budget by R1·13 lakhs. The decrease is attributed to smaller payments for discount on sales, following on the decline in the revenue from court-fee stamps. The

Budget, 1919-20. Budget estimate for 1919-20 does not differ materially from the Revised for the current year.

V AND 7.—EXCISE.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	16,31,925	18,77,477	23,86,929	23,72,000	31,08,000	34,10,000
2. Delhi . . .	2,65,765	2,49,631	3,27,410	3,20,000	3,91,000	3,89,000
3. Baluchistan . .	2,98,920	3,68,194	4,70,468	4,70,000	5,92,000	5,91,000
4. North-West Frontier	3,53,604	3,58,716	4,32,051	4,70,000	5,40,000	7,93,000
Total .	25,50,214	28,54,018	36,16,858	36,32,000	46,31,000	51,83,000
Divided and wholly Provincial.						
1. Madras . .	3,51,18,758	3,72,02,608	4,03,52,100	4,16,28,000	4,59,32,000	4,68,17,000
2. Bombay . .	2,27,91,330	2,60,50,666	3,19,81,880	3,50,00,000	3,33,50,000	3,95,00,000
3. Bengal . . .	1,51,40,074	1,44,44,229	1,56,36,222	1,60,00,000	1,78,00,000	1,87,00,000
4. United Provinces .	1,22,11,130	1,34,11,963	1,43,47,587	1,51,00,000	1,60,00,000	1,95,82,000
5. Punjab . .	70,59,656	75,86,836	85,62,967	91,47,000	1,04,40,000	1,10,57,000
6. Burma . . .	81,11,370	88,31,324	92,39,195	94,00,000	97,31,000	1,01,00,000
7. Bihar and Orissa .	1,09,71,527	1,12,26,696	1,18,22,679	1,21,58,000	1,25,00,000	1,27,00,000
8. Central Provinces .	1,00,65,862	1,10,89,102	1,14,92,202	1,19,00,000	1,23,00,000	1,28,00,000
9. Assam . . .	54,63,211	55,41,053	53,73,805	57,40,000	58,35,000	58,61,000
Total .	12,69,32,918	13,53,84,477	14,88,08,637	15,60,73,000	16,88,88,000	17,71,17,000
Total India R	12,94,83,132	13,82,38,495	15,24,25,495	15,97,05,000	17,35,19,000	18,23,00,000
Equivalent in Sterling £	8,632,209	9,215,899	10,161,699	10,647,000	11,567,900	12,153,300
England £	...	...	7	...	...	...
TOTAL REVENUE £	8,632,209	9,215,899	10,161,706	10,647,000	11,567,900	12,153,300

EXPENDITURE.

Imperial.						
1. India General .	97,701	1,00,849	1,02,888	1,09,000	1,06,000	1,07,000
2. Delhi . . .	7,873	9,497	11,692	12,000	12,000	12,000
3. Baluchistan . .	11,355	12,923	11,810	30,000	29,000	15,000
4. North-West Frontier	15,388	15,548	16,298	16,000	17,000	18,000
Total .	1,32,317	1,38,817	1,42,688	1,67,000	1,64,000	1,52,000
Divided and wholly Provincial.						
1. Madras . .	18,52,487	18,16,051	18,05,425	18,42,000	20,80,000	22,46,000
2. Bombay . .	11,47,633	11,23,723	11,13,522	11,61,000	12,95,000	14,52,000
3. Bengal . . .	7,74,858	9,39,493	9,99,661	10,85,000	10,47,000	11,37,000
4. United Provinces .	4,81,865	4,86,016	4,77,087	5,10,000	4,91,000	5,38,000
5. Punjab . .	2,25,691	2,31,891	2,35,130	2,60,000	2,39,000	2,96,000
6. Burma . . .	12,52,270	12,54,379	12,56,312	12,83,000	12,91,000	12,95,000
7. Bihar and Orissa .	5,85,276	5,81,814	5,86,520	6,43,000	6,42,000	7,46,000
8. Central Provinces .	4,80,171	4,81,576	5,28,428	5,51,000	5,56,000	5,73,000
9. Assam . . .	1,22,242	1,20,539	1,19,964	2,52,000	2,35,000	1,24,000
Total .	69,22,493	70,35,482	71,22,049	75,87,000	78,76,000	84,07,000
Total India R	70,54,810	71,74,299	72,64,737	77,54,000	80,40,000	85,59,000
Equivalent in Sterling £	470,321	478,287	484,316	516,900	536,000	570,600
England £	419	345	232	200	400	100
TOTAL EXPENDITURE £	470,740	478,632	484,548	517,100	536,400	570,700

REVENUE.

(*a*) *Wholly Imperial.*

Revised, 1918-19. 30. The Revised estimate for 1918-19 exceeds the Budget by R9·99 lakhs. The increase occurs mainly in Bangalore, Ajmer, Indore and Baluchistan and is attributed to the large number of troops located in these areas and to the *Budget, 1919-20.* enhanced license fees realised at auction sales. The Budget estimate for 1919-20 provides for a further expansion of revenue and is taken at R5·52 lakhs more than the Revised for the current year; the largest increase occurs in the North-West Frontier Province (R2·53 lakhs) and is based on the high bids at recent auction sales of licenses.

(*b*) *Divided and wholly Provincial.*

Revised, 1918-19 31. The Revised estimate for the current year is expected to exceed the Budget by no less than R1,28·15 lakhs. The increase is shared by all the provinces, but is largest in Madras (R43·04 lakhs) and Bombay (R33·50 lakhs). The unfavourable agricultural prospects in several provinces have not depressed the revenue, and the large advance appears to be due to the prohibitive prices prevailing for imported liquors and to a rise in the wages of the labouring population. An enhancement in duties accounts for part of the increase in Madras. *Budget, 1919-20.* The total Budget for 1919-20 is taken at R82·29 lakhs more than the Revised for the current year. Enhanced duties will bring in a large increase of R35·82 lakhs in the United Provinces, and provision has been made for a moderate growth of revenue in the other provinces.

EXPENDITURE.

(*a*) *Wholly Imperial.*

32. The figures show little variation.

(*b*) *Divided and wholly Provincial.*

Revised, 1918-19. 33. The Revised estimate for the current year exceeds the Budget grant by R2·89 lakhs. The increase is due to the grant of compensation for high prices in Bombay and Madras, and to larger outlay on petty construction and repairs in *Budget, 1919-20.* the latter province. The Budget estimate for 1919-20 is more by R5·31 lakhs than the Revised for the current year. Provision has been made for compensation for high prices in Madras (R1·94 lakhs), the amalgamation and reorganisation of the non-gazetted establishment of the combined salt and excise department (R1 lakh) and the grant of house rent and other allowances to the excise inspecting staff (R72,000) in Bombay, and further expenditure on the reorganisation schemes in Bengal (R90,000) and Bihar and Orissa (R76,000). The decrease in Assam (R1·11 lakhs) is nominal, being due to the omission of a special payment included in the Revised estimate for the current year for compensation to the owners of the Jorhat distillery.

VI.—PROVINCIAL RATES.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Imperial.						
1. India General .	103	25	73	1,000	1,000	1,000
2. Delhi . . .	...	431	484	...	...	...
3. North-West Frontier.	3,715	3,048	1,424	1,000	1,000	1,000
TOTAL .	3,818	3,504	1,981	2,000	2,000	2,000
Provincial.						
1. Bengal . . .	2,33,853	1,34,841	1,39,091	1,17,000	1,22,000	1,24,000
2. United Provinces .	1,63,716	1,64,613	1,72,102	1,56,000	1,56,000	1,44,000
3. Punjab . . .	31,356	32,314	20,953	31,000	34,000	32,000
4. Bihar and Orissa .	1,83,487	1,25,009	77,789	1,14,000	1,02,000	1,81,000
5. Assam . . .	11,446	10,578	17,577	18,000	28,000	36,000
TOTAL .	6,23,858	4,67,355	4,27,512	4,36,000	4,42,000	5,17,000
TOTAL REVENUE R	6,27,676	4,70,859	4,29,493	4,38,000	4,44,000	5,19,000
Equivalent in Sterling £	41,845	31,391	28,633	29,200	29,600	34,600

34. The increase of R75,000 in the Budget estimate of Provincial revenue for 1919-20 as compared with the Revised estimate for the current year is due to the recovery expected in Bihar and Orissa of arrears in respect of the years 1915-16 and 1916-17. The estimates do not otherwise call for remark.

VII AND 9.—CUSTOMS.

SEA CUSTOMS.	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
IMPORTS.						
Special Import Duties.						
1. Arms, Ammunition and Military Stores	5,69,371	7,31,199	4,70,631	4,50,000	4,70,000	10,00,000
2. Coal, coke and patent fuel	2,081	22,283	14,340	14,000	35,000	46,000
3. Liquors—						
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors	5,65,325	6,72,356	4,82,634	5,00,000	5,00,000	10,00,000
(*b*) Spirits and Liqueurs	1,07,73,536	1,12,85,840	1,01,15,259	95,00,000	1,03,00,000	1,35,00,000
(*c*) Wines	4,50,925	5,55,748	3,96,572	4,02,000	4,50,000	6,00,000
4. Opium	4,222	6,046	2,937	5,000	3,000	4,000
5. Petroleum	71,54,327	45,19,141	35,59,223	35,00,000	12,70,000	35,18,000
6. Silver, Bullion and Coin	95,56,955	15,01,194	17,03,848	...	...	...
7. Silver manufactures	8,758	3,92,204	2,40,851	1,50,000	1,90,000	3,00,000
8. Sugar	60,66,583	1,30,05,428	1,48,16,402	1,50,00,000	1,76,50,000	2,00,00,000
9. Tobacco	28,36,568	46,01,391	61,51,771	60,00,000	81,75,000	80,00,000
Duty at 2½ per cent.						
10. Machinery	70,045	10,65,988	9,15,185	8,09,000	12,00,000	25,00,000
11. Metals—Iron and Steel	9,80,045	18,47,847	16,63,995	13,50,000	26,50,000	40,00,000
12. Railway plant and rolling stock	25,468	3,65,794	1,39,378	1,00,000	5,00,000	10,00,000
13. Other articles	23,285	3,87,991	4,16,710	4,00,000	4,20,000	5,00,000
Duty at 7½ per cent.						
14. Articles of Food and Drink (excluding sugar and vinegar)	31,78,023	52,00,338	53,38,851	50,00,000	57,25,000	70,00,000
15. Raw materials and articles mainly unmanufactured	15,64,779	38,55,706	39,58,935	38,00,000	40,00,000	47,00,000
16. Articles wholly or mainly manufactured—						
(*a*) Cutlery, hardware, implements and instruments	24,76,897	40,70,085	36,83,983	35,00,000	49,00,000	55,00,000
(*b*) Metals other than Iron and Steel	9,18,228	11,62,994	18,37,271	14,05,000	23,50,000	40,00,000
(*c*) Cotton manufactures	1,35,22,821	1,79,16,726	3,83,39,219	3,80,00,000	3,85,00,000	3,70,00,000
(*d*) Yarn and textile fabrics (other than cotton manufactures)	29,71,899	61,63,830	52,89,008	52,00,000	58,85,000	62,00,000
(*e*) All other articles wholly or mainly manufactured	90,69,159	1,69,73,753	1,76,08,371	1,75,00,000	1,91,00,000	2,20,00,000
17. Miscellaneous	10,65,411	27,18,858	28,14,576	20,00,000	32,00,000	35,00,000
TOTAL IMPORTS	7,38,54,711	9,90,22,740	11,99,59,950	11,45,85,000	12,74,73,000	14,58,68,000
18. EXPORT DUTIES—						
(*a*) Jute (raw and manufactured)	1,74,804	1,17,86,315	1,83,38,167	2,10,00,000	2,20,00,000	2,40,00,000
(*b*) Rice	76,25,692	86,71,041	1,05,26,999	1,00,00,000	1,10,00,000	65,00,000
(*c*) Tea	92,630	42,54,462	43,83,261	43,26,000	44,00,000	45,65,000
(*d*) Indigo	...	...	...	...	58,000	40,000
19. SEA CUSTOMS—MISCELLANEOUS	4,73,686	7,76,783	10,12,229	9,70,000	8,74,000	9,83,000
20. LAND CUSTOMS	5,53,258	5,58,377	9,83,157	2,50,000	5,68,000	6,80,000
21. EXCISE DUTY ON COTTON MANUFACTURES	49,25,571	44,61,448	76,20,779	80,00,000	1,51,00,000	1,30,00,000
22. EXCISE DUTY ON MOTOR SPIRIT	...	...	23,52,087	27,00,000	37,75,000	40,00,000
23. WAREHOUSE AND WHARF RENTS AND MISCELLANEOUS	4,07,941	3,56,562	3,72,190	3,85,000	8,00,000	6,50,000
GRAND TOTAL ₹	8,81,08,293	12,98,87,728	16,55,48,819	16,22,16,000	18,60,48,000	20,02,86,000
Equivalent in Sterling £	5,873,886	8,659,182	11,036,588	10,814,400	12,403,200	13,352,400
CHARGES ₹	39,30,783	40,62,448	42,75,328	43,93,000	46,08,000	47,11,000
Equivalent in Sterling £	262,052	270,830	285,022	292,900	307,200	314,000
England £	212	334	254	100	100	100
TOTAL £	262,264	271,164	285,276	293,000	307,300	314,100

REVENUE.

35. The Revised estimate of Customs revenue in 1918-19 amounts to ₹18,60·48 lakhs or ₹2,38·32 lakhs more than the Budget estimate. Nearly one-third of the improvement occurs under the excise duty on cotton manufactures (₹71 lakhs) owing to a heavy demand for piece-goods and high prices. The effect on the import trade of war restrictions and freight difficulties has been more than counterbalanced by a continued rise in the level of prices. The tariff heads other than the excise on cotton goods which show important excesses are sugar (₹26·50 lakhs), tobacco (₹21·75 lakhs), manufactured articles (₹16 lakhs), cutlery and hardware (₹14 lakhs), iron and steel (₹13 lakhs), excise on motor spirit (₹10·75 lakhs), and the export duties on jute and rice (₹10 lakhs each). The only head which shows a material decline is petroleum (₹22·30 lakhs). *Revised, 1918-19.*

36. The Budget estimate of Customs revenue in 1919-20 is taken at ₹20,02·86 lakhs, or ₹1,42·38 lakhs more than the Revised estimate for 1918-19. It is expected that shipping facilities will gradually improve and that as the result of demobilisation and the release of industries from war work there will be an increase in the volume of commodities available for import into India; on the other hand, regard must be had to the probability of some fall in prices and to the unfavourable agricultural conditions in several provinces. The estimates include important increases under spirits and liqueurs (₹32 lakhs), manufactured articles (₹29 lakhs), sugar (₹23·50 lakhs), petroleum (₹22·48 lakhs), and the export duty on jute (₹20 lakhs). On the other hand, they allow for a falling off of ₹45 lakhs under the export duty on rice owing to the diversion of Burma rice for consumption in India, and ₹15 and ₹21 lakhs respectively under the import and excise duties on cotton manufactures; the revenue under the last two heads has been specially high in the current year, and the present conditions of the market and the disparity between the prices in India and England point to the probability of some set-back here. The Budget estimate provides for the retention of the duty of 6 annas a gallon on motor spirit manufactured in, or imported into, India which was imposed as a temporary measure in February 1917. *Budget, 1919-20.*

EXPENDITURE.

37. The expenditure in 1918-19 is expected to exceed the Budget by ₹2·15 lakhs, owing mainly to the grant of war allowances to subordinate establishments in Madras and Bombay (₹97,000) and larger expenditure on overtime and holiday allowances in Burma (₹69,000) in connection with the export of rice for the Royal Commission on food supplies and to India. The Budget estimate for 1919-20 is more by ₹1·03 lakhs than the Revised for the current year, and includes a small allotment for the revision of the Karachi customs establishment. *Revised, 1918-19.* *Budget, 1919-20.*

VIII AND 10.—INCOME TAX.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
EXCESS PROFITS DUTY.						
Imperial.						
1. India	...	...	...	...	...	1,00,000
2. Madras	...	...	...	...	...	25,00,000
3. Bombay	...	...	...	...	...	4,25,00,000
4. Bengal	...	...	...	...	...	6,25,00,000
5. United Provinces	...	...	...	...	...	25,00,000
6. Punjab	...	...	...	...	...	3,00,000
7. Burma	...	...	...	...	...	16,00,000
8. Bihar and Orissa	...	...	...	...	...	3,00,000
9. Central Provinces	...	...	...	...	...	2,00,000
Total	...	...	...	...	...	11,25,00,000
SUPER-TAX.						
Imperial.						
1. India	...	...	88,382	25,000	1,31,000	1,30,000
2. N.-W. Frontier	...	...	...	...	24,000	24,000
3. Madras	...	...	4,78,870	10,00,000	24,00,000	18,50,000
4. Bombay	...	...	70,99,663	92,56,000	1,19,60,000	53,75,000
5. Bengal	...	...	1,31,67,811	85,00,000	1,18,00,000	50,00,000
6. United Provinces	...	...	5,81,979	5,70,000	12,42,000	7,73,000
7. Punjab	...	...	1,67,200	1,50,000	2,50,000	2,50,000
8. Burma	...	...	1,77,097	3,00,000	9,50,000	8,00,000
9. Bihar and Orissa	...	...	2,26,327	1,52,000	4,36,000	3,77,000
10. Central Provinces	...	...	83,881	83,000	1,35,000	1,36,000
11. Assam	...	...	88,250	1,22,000	23,000	25,000
Total	...	...	2,21,59,460	2,01,58,000	2,93,51,000	1,47,40,000
ORDINARY INCOME-TAX.						
Imperial.						
1. India General (Civil)	9,36,151	19,31,136	20,78,248	21,79,000	22,02,000	16,43,000
2. Delhi (Civil)	1,61,778	4,31,995	5,90,190	4,77,000	6,96,000	6,94,000
3. Baluchistan (Civil)	21,830	35,214	34,234	34,000	35,000	34,000
4. North-West Frontier (Civil)	1,71,418	2,60,447	2,99,688	3,00,000	3,00,000	3,15,000
5. Other Provinces (Civil)	18,789	93,189	1,19,590	1,25,000	1,39,000	1,36,000
6. Non-Civil Departments	14,39,064	22,49,963	28,68,237	28,71,000	33,13,000	33,48,000
Total	27,49,030	50,01,944	59,90,187	59,86,000	66,85,000	61,70,000
Divided.						
1. Madras	40,74,656	60,09,144	76,60,699	75,00,000	75,00,000	77,90,000
2. Bombay	73,32,639	1,39,95,113	2,06,30,096	2,20,00,000	2,42,00,000	2,44,90,000
3. Bengal	72,26,611	1,68,55,428	2,07,92,469	2,15,00,000	2,20,00,000	1,77,50,000
4. United Provinces	28,01,166	42,44,881	46,86,328	48,74,000	56,80,000	49,85,000
5. Punjab	18,55,709	24,61,856	34,36,364	35,00,000	35,00,000	41,25,000
6. Burma	24,75,430	40,05,618	47,30,775	46,25,000	60,28,000	60,60,000
7. Bihar and Orissa	14,28,417	20,21,417	21,66,747	23,50,000	22,00,000	20,40,000
8. Central Provinces	9,47,825	13,20,815	15,39,273	17,06,000	18,72,000	18,16,000
9. Assam	4,60,160	6,78,282	8,29,157	8,00,000	7,97,000	8,57,000
Total	2,86,02,613	5,15,92,554	6,64,71,908	6,88,55,000	7,37,77,000	6,99,13,000
Total ordinary income-tax	3,13,51,643	5,65,94,498	7,24,62,095	7,48,41,000	8,04,62,000	7,60,83,000
TOTAL REVENUE R	3,13,51,643	5,65,94,498	9,46,21,555	9,49,99,000	10,98,13,000	20,33,23,000
Equivalent in Sterling £	2,090,109	3,772,967	6,308,104	6,339,200	7,320,800	13,554,900

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	1,244	1,303	1,290	2,000	3,000	1,000
2. Delhi	1,466	2,106	3,529	3,000	4,000	4,000
3. North-West Frontier	955	903	987	4,000	1,000	4,000
4. Bengal	...	...	7,522	10,000	10,000	11,000
Total	3,665	4,312	13,328	19,000	18,000	20,000
Divided.						
1. Madras	60,561	66,159	68,293	68,000	92,000	1,10,000
2. Bombay	1,71,853	1,79,298	2,12,554	2,45,000	3,06,000	4,31,000
3. Bengal	1,52,964	1,62,754	1,74,171	1,78,000	1,86,000	2,12,000
4. United Provinces	413	62	...	20,000	40,000	3,50,000
5. Punjab	12,423	26,587	32,731	82,000	62,000	1,08,000
6. Burma	47,732	49,125	57,664	68,000	65,000	80,000
7. Bihar and Orissa	45,996	45,459	45,473	46,000	49,000	49,000
8. Central Provinces	16,253	18,235	29,127	42,000	42,000	63,000
9. Assam	4,522	4,689	4,428	5,000	5,000	5,000
Total	5,12,717	5,52,368	6,24,441	7,54,000	8,47,000	14,08,000
TOTAL EXPENDITURE ₹	5,16,382	5,56,680	6,37,769	7,73,000	8,65,000	14,28,000
Equivalent in Sterling £	34,426	37,112	42,518	51,500	57,700	95,200

REVENUE.

(*i*) *Excess profits duty—Imperial.*

38. It has been decided to levy during the ensuing year a duty on excess profits from certain businesses, assessed at 50 per cent. of the profits realised in excess of a standard determined in accordance with the provisions of the Excess Profits Duty Act. The gross yield of the duty is estimated at ₹11·25 crores, of which ₹6·25 crores relate to Bengal and ₹4·25 crores to Bombay. Against this must be set off an estimated loss of ₹150 lakhs under super-tax as the result of the exemption from that tax of businesses paying excess profits duty and ₹70 lakhs under income-tax in respect of amounts paid as excess profits duty. The net receipts derived from the new tax are thus expected to amount to ₹9·05 crores including about ₹5¼ crores from Bengal and ₹3¼ crores from Bombay. *Budget, 1919-20.*

(*ii*) *Super-tax—Imperial.*

39. The Revised estimate for 1918-19 is taken at ₹91·93 lakhs more than the Budget. The increase is distributed over all the provinces except Assam, but is largest in Bengal (₹33 lakhs) and Bombay (₹27·04 lakhs). It is due generally to a rise in the incomes assessed to super-tax and to arrear collections in respect of the preceding year. Allowing for the exemption from super-tax of businesses paying excess profits duty, the revenue in the ensuing year is estimated at ₹1,47·40 lakhs or about half of the Revised estimate for the current year. *Revised, 1918-19.* *Budget, 1919-20.*

(*iii*) *Ordinary Income-tax.*

(*a*) *Imperial.*

40. The Revised estimate for the current year exceeds the Budget by ₹6·99 lakhs. The increase arises from improved assessment in Delhi and the employment of additional establishments by Government for work connected with the war, mainly in the Military department. The Budget estimate for 1919-20 allows for the loss of revenue which results from the raising of the assessable limit of income—*vide* paragraph 42 below—and is taken at ₹5·15 lakhs less than the Revised estimate for the current year. *Revised, 1918-19.* *Budget, 1919-20.*

(*b*) *Divided.*

Revised, 1918-19. 41. The Revised estimate for 1918-19 is more than the Budget by R49·22 lakhs, nearly half of the increase occurring in Bombay (R22 lakhs). The rise is attributable to larger profits realised in certain trades as the result of war conditions and would have been higher but for delay in collections in all provinces owing to the late introduction of the rules under the new Income-tax Act.

Budget, 1919-20. 42. In view of the hardships caused by high prices to persons with small incomes, it has been decided to exempt from assessment to income-tax, with effect from the ensuing year, incomes below R2,000 per annum. This measure will result in a loss of R68·70 lakhs in the divided portion of the revenue. As stated in paragraph 38 above, there will be a further loss estimated at R70 lakhs in respect of income which will be paid to Government as excess profits duty. Apart from these factors, a considerable rise in revenue is anticipated in 1919-20 as the result of the collection of arrears thrown forward from the current year, an increase in the trade profits which will come under assessment in the ensuing year and greater efficiency in assessments. The Budget estimate for 1919-20 is accordingly taken at only R38·64 lakhs less than the Revised estimate for 1918-19.

EXPENDITURE.

(*a*) *Imperial.*

43. The figures show little variation.

(*b*) *Divided.*

Revised, 1918-19 44. The Revised estimate for 1918-19 exceeds the Budget grant by R93,000, mainly in Bombay.

Budget, 1919-20. 45. The Budget estimate for 1919-20 provides for the strengthening of establishments in several provinces and is R5·61 lakhs more than the Revised for the current year. The bulk of the increase is due to provision for the reorganisation of establishments in the city of Bombay (R1·08 lakhs) and in the United Provinces, and for the debit to the head Income-tax of the cost of the entire staff employed on income-tax work in the latter province instead of part of the expenditure being shown under Land Revenue as hitherto.

IX AND 11.—FOREST.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	9,37,836	11,91,042	13,40,086	11,67,000	19,25,000	23,24,000
2. Baluchistan . .	21,633	18,277	17,934	22,000	24,000	22,000
3. North-West Frontier	1,86,815	2,40,985	3,37,711	3,75,000	4,00,000	4,39,000
Total .	11,46,284	14,50,304	16,95,731	15,64,000	23,49,000	27,85,000
Provincial.						
1. Madras . . .	41,06,838	45,96,126	54,58,489	48,45,000	39,63,000	49,36,000
2. Bombay . . .	47,01,263	55,19,177	63,12,022	65,00,000	80,00,000	80,50,000
3. Bengal . . .	11,45,610	13,38,779	13,76,970	16,00,000	18,00,000	16,30,000
4. United Provinces .	37,38,831	50,40,932	61,16,697	61,00,000	69,00,000	1,00,00,000
5. Punjab . . .	17,27,283	16,87,800	21,17,776	22,58,000	23,00,000	36,35,000
6. Burma . . .	96,99,217	1,23,79,531	1,23,61,499	1,19,00,000	1,23,91,000	1,35,00,000
7. Bihar and Orissa .	5,17,727	5,29,081	7,53,625	6,50,000	9,00,000	8,00,000
8. Central Provinces .	32,78,262	33,71,578	34,66,493	36,00,000	35,00,000	35,00,000
9. Assam . . .	10,55,052	11,48,622	13,09,956	12,47,000	14,60,000	14,56,000
Total .	2,99,70,083	3,56,11,626	3,92,73,527	3,87,00,000	4,12,14,000	4,75,07,000
TOTAL INDIA ₹	3,11,16,367	3,70,61,930	4,09,69,258	4,02,64,000	4,35,63,000	5,02,92,000
Equivalent in Sterling £	2,074,425	2,470,795	2,731,284	2,684,300	2,904,200	3,352,800

EXPENDITURE.

Imperial.						
1. India General . .	10,69,300	10,71,931	10,60,779	12,69,000	16,51,000	23,97,000
2. Baluchistan . .	27,995	26,929	29,999	32,000	32,000	30,000
3. North-West Frontier	1,04,795	1,18,070	1,53,875	1,74,000	2,34,000	2,65,000
Total .	12,02,090	12,16,930	12,44,653	14,75,000	19,17,000	26,92,000
Provincial.						
1. Madras . . .	29,27,318	28,42,678	30,20,349	30,17,000	31,30,000	37,25,000
2. Bombay . . .	26,42,038	25,64,682	33,53,715	36,88,000	49,50,000	41,43,000
3. Bengal . . .	5,93,635	6,19,649	7,38,713	7,50,000	8,30,000	7,66,000
4. United Provinces .	25,66,307	27,35,915	32,04,928	36,18,000	47,41,000	67,02,000
5. Punjab . . .	9,23,879	9,34,662	11,58,048	15,72,000	18,92,000	26,15,000
6. Burma . . .	48,86,242	49,36,588	54,87,178	54,22,000	54,83,000	64,37,000
7. Bihar and Orissa .	3,61,550	4,47,972	3,90,717	4,34,000	4,21,000	5,51,000
8. Central Provinces .	17,34,336	17,68,775	18,72,124	19,25,000	20,40,000	21,65,000
9. Assam . . .	7,55,214	6,76,033	6,86,627	7,29,000	7,13,000	9,02,000
Total .	1,73,90,519	1,75,26,954	1,99,12,399	2,11,55,000	2,42,00,000	2,80,06,000
TOTAL INDIA ₹	1,85,92,609	1,87,43,884	2,11,57,052	2,26,30,000	2,61,17,000	3,06,98,000
Equivalent in Sterling £	1,239,507	1,249,592	1,410,470	1,508,700	1,741,100	2,046,500
England . . £	3,360	2,173	572	2,600	1,600	5,000
TOTAL EXPENDITURE £	1,242,867	1,251,765	1,411,042	1,511,200	1,742,700	2,051,500
NET REVENUE £	831,558	1,219,030	1,320,242	1,173,100	1,161,500	1,301,300

REVENUE.

(*a*) *Imperial.*

Revised, 1918-19. 46. The increase of R7·85 lakhs in the revenue in the current year as compared with the Budget estimate occurs in Port Blair (R4·33 lakhs), due to better prices realised for timber and larger supplies to the Indian Munitions Board, and in Coorg (R3·02 lakhs), owing to increased extraction of timber by the newly constructed tramway and high prices for sandalwood. The Budget estimate for 1919-20 provides for a further growth of revenue in these administrations and is R4·36 lakhs more than the Revised for the current year.

Budget, 1919-20.

(*b*) *Provincial.*

Revised, 1918-19. 47. The Revised estimate for 1918-19 is more than the Budget by R25·14 lakhs. All the provinces except Madras and the Central Provinces contribute to the improvement, but it is largest in Bombay (R15 lakhs) and the United Provinces (R8 lakhs). The rise is due generally to increased demands for timber, resin, turpentine and other forest produce, mainly from the Military Department, the Munitions Board and Railways, and to the higher prices that have been realised. The supply of fodder to the districts affected by famine (R4·16 lakhs) and the recovery of the cost of hay presses supplied to Mesopotamia account partly for the excess in Bombay. The decline in Madras (R8·82 lakhs) arises from the transfer of the control of tanning materials to the Munitions Board which pays the Forest Department on the basis of past results and not of current prices.

Budget, 1919-20. 48. The Budget estimate for 1919-20 is R62·93 lakhs more than the Revised for the current year. A considerable increase (R31 lakhs) is anticipated in the United Provinces from the new turpentine and resin factories which will commence working early next year, and from various administrative improvements which have been or are about to be carried out, *e.g.*, the expansion of the sawmill with a view to increase the output of timber and to convert wood hitherto considered unsaleable into forms that will command a ready sale and the formation of a separate circle for exploiting the markets. Other large improvements occur in the Punjab (R13·35 lakhs), Burma (R11·09 lakhs) and Madras (R9·73 lakhs), owing mainly to increased demands expected from railways, the Admiralty and other purchasers. A special receipt of R2·50 lakhs will accrue in Bombay from famine fodder operations. On the other hand, there will be decreases of revenue in Bengal (R1·70 lakhs) and Bihar and Orissa (R1 lakh) owing to a reduction in the indents from the Munitions Board.

EXPENDITURE.

(*a*) *Imperial* (*including outlay in England.*)

Revised, 1918-19. 49. The increase of R4·29 lakhs in the Revised estimate for the current year as compared with the Budget is due to the construction of a tramway in Coorg. The Budget for 1919-20 exceeds the Revised estimate for 1918-19 by R8·26 lakhs. It provides for further expenditure on the Coorg tramway (R3·44 lakhs), for the improvement and extension of forests in Port Blair (R6·50 lakhs), and for some increase in ordinary expenditure.

Budget, 1919-20.

(*b*) *Provincial.*

Revised, 1918-19. 50. The Revised estimate for 1918-19 is more than the Budget by R30·45 lakhs, mainly in Bombay (R12·62 lakhs) and the United Provinces (R11·23 lakhs). The growth in expenditure is generally a concomitant of the larger revenue obtained from the sale of forest produce. Among special causes may be mentioned (*i*) the grant of compensation for high prices to subordinate establishments (R6·09 lakhs), mainly in Bombay and Madras, (*ii*) expenditure on famine fodder operations in Bombay (R7·20 lakhs) and on hay presses in replacement of those sent to Mesopotamia (R88,000) and (*iii*) outlay on the administrative improvements in the United Provinces mentioned in paragraph 48.

Budget, 1919-20.

51. The total Budget estimate for 1919-20 exceeds the Revised for the current year by R38·06 lakhs. The bulk of the increase occurs in the United Provinces (R19·61 lakhs), Burma (R9·54 lakhs) and the Punjab (R7·23 lakhs). Provision has been made for various measures of development in view of the growing demands for forest produce. Grants have been allotted, among other objects, for special expenditure on the turnery and sawmill, resin distillery and wood-working institute in the United Provinces (R15·32 lakhs), for increased outlay on the sawing and carriage of sleepers in the same province (R4 lakhs), for the floating and rafting of timber cut in 1918-19 in the Punjab (R3·67 lakhs), for the installation of mechanical appliances for handling logs at the Rangoon timber depôt (R2 lakhs), for the reorganisation of forest establishments in Madras (R1·25 lakhs) and Bihar and Orissa (R35,000), and for compensation for high prices (R5·42 lakhs), mainly in Bombay and Madras. Bombay and Bengal are the only provinces where there will be a reduction in total expenditure owing to a smaller provision for famine fodder operations in the former province and to a fall in the supplies to the Munitions Board in the latter.

X AND 12.—REGISTRATION.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	19,714	19,611	23,309	22,000	26,000	26,000
2. Delhi	22,342	23,701	27,910	27,000	30,000	29,000
3. Baluchistan	3,188	3,207	3,873	3,000	4,000	3,000
4. North-West Frontier	46,243	49,307	55,259	50,000	55,000	55,000
Total	91,487	95,826	1,10,351	1,02,000	1,15,000	1,13,000
Provincial.						
1. Madras	23,37,549	24,70,160	24,72,459	25,50,000	26,60,000	27,10,000
2. Bombay	7,95,528	8,37,457	9,25,151	9,30,000	11,00,000	11,50,000
3. Bengal	20,36,068	21,48,927	19,04,027	19,60,000	19,00,000	19,00,000
4. United Provinces	7,33,642	7,31,341	7,37,436	7,60,000	7,35,000	7,35,000
5. Punjab	3,55,564	3,71,489	3,80,796	3,84,000	3,60,000	3,75,000
6. Burma	2,49,935	2,48,754	1,89,204	2,20,000	2,16,000	2,30,000
7. Bihar and Orissa	6,96,048	6,80,909	6,68,083	7,00,000	6,50,000	7,50,000
8. Central Provinces	3,74,251	4,20,903	4,30,608	4,24,000	4,75,000	4,70,000
9. Assam	1,13,115	1,02,962	95,737	1,09,000	88,000	90,000
Total	76,91,700	80,12,902	78,03,501	80,37,000	81,84,000	84,10,000
TOTAL INDIA R	77,83,187	81,08,728	79,13,852	81,39,000	82,99,000	85,23,000
Equivalent in Sterling £	518,879	540,581	527,590	542,600	553,300	568,200

EXPENDITURE.

Imperial.						
1. India General	7,393	7,162	7,394	8,000	7,000	8,000
2. Delhi	7,111	7,523	8,026	7,000	9,000	8,000
3. Baluchistan	1,434	1,536	1,903	1,000	2,000	1,000
4. North-West Frontier	12,374	12,066	13,077	13,000	14,000	14,000
Total	28,312	28,287	30,400	29,000	32,000	31,000
Provincial.						
1. Madras	12,56,016	13,12,239	13,39,696	13,53,000	15,07,000	16,20,000
2. Bombay	3,71,933	3,71,704	3,87,364	3,97,000	4,84,000	4,82,000
3. Bengal	11,27,328	11,34,770	11,41,039	11,57,000	11,25,000	12,21,000
4. United Provinces	3,11,322	3,02,871	3,03,278	3,07,000	3,07,000	3,06,000
5. Punjab	1,26,149	1,24,082	1,26,694	1,30,000	1,34,000	1,37,000
6. Burma	1,08,725	1,08,007	1,04,912	1,05,000	1,06,000	1,08,000
7. Bihar and Orissa	3,78,240	3,79,001	3,77,273	3,94,000	4,04,000	4,04,000
8. Central Provinces	1,24,536	1,27,554	1,62,399	1,60,000	1,73,000	1,64,000
9. Assam	65,051	67,906	67,108	75,000	66,000	75,000
Total	38,69,300	39,28,134	40,09,763	40,78,000	43,06,000	45,17,000
TOTAL INDIA R	38,97,612	39,56,421	40.40,163	41,07,000	43,38,000	45,48,000
Equivalent in Sterling £	259,840	263,761	269,344	273,800	289,200	303,200

REVENUE.

Imperial.

52. The figures show little variation.

Provincial.

53. The Revised estimate for 1918-19 is R1·47 lakhs more than the Budget forecast; the increase occurs mainly in Bombay (R1·70 lakhs) and Madras (R1·10 lakhs), partly set off by minor decreases in almost all the other provinces. Provision for a growth of revenue in 1919-20 has been made in Bihar and Orissa, Madras and Bombay, and the Budget for that year exceeds the Revised estimate for 1918-19 by R2·26 lakhs.

Revised, 1918-19.

Budget, 1919-20.

EXPENDITURE.

Imperial.

54. The figures show little variation.

Provincial.

55. The Revised estimate for 1918-19 exceeds the Budget estimate by R2·28 lakhs, the increase being due mainly to the grant of compensation for high prices and revision of the pay of the clerical establishment in Madras. The Budget for 1919-20 is more than the Revised estimate for the current year by R2·11 lakhs. It includes a provision of R1·40 lakhs for compensation for high prices in Madras and lump allotments for minor schemes of revision in that province and in Bengal.

Revised, 1918-19.

Budget, 1919-20.

XI.—TRIBUTES.

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	19,92,599	19,47,897	17,29,547	20,04,000	20,21,000	20,02,000
2. Madras . .	44,96,520	44,96,519	44,96,519	44,97,000	44,97,000	44,97,000
3. Bombay . .	12,88,860	13,94,235	13,65,137	13,58,000	11,35,000	13,40,000
4. Bengal . .	67,701	67,701	67,701	68,000	68,000	68,000
5. United Provinces .	3,21,000	3,21,000	3,21,000	3,21,000	3,21,000	3,21,000
6. Punjab . . .	1,44,754	1,46,453	1,43,965	1,44,000	1,44,000	1,44,000
7. Burma . . .	4,57,706	4,48,099	4,59,405	4,52,000	4,52,000	4,52,000
8. Bihar and Orissa .	85,499	85,499	85,500	86,000	86,000	86,000
9. Central Provinces .	2,32,187	2,28,937	2,46,187	2,39,000	2,39,000	2,39,000
10. Assam . . .	50,100	50,100	50,100	50,000	50,000	50,000
TOTAL INDIA ₹	91,36,926	91,86,440	89,65,061	92,19,000	90,13,000	91,99,000
Equivalent in Sterling £	609,128	612,429	597,670	614,600	600,900	613,300

56. The revenue recorded under this head represents tributes received from the protected States, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. The figures do not ordinarily show any important fluctuations from year to year except for advance payment of sums falling due in the ensuing year, or arrears and their recovery. The

Revised, 1918-19. decrease in the Revised estimate for the current year as compared with the Budget occurs in Bombay as the result of the unfavourable agricultural

Budget, 1919-20. conditions. The Budget estimate for 1919-20 provides for normal collections.

1.—REFUNDS AND DRAWBACKS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Imperial.						
1. India General . .	1,06,922	65,522	1,92,259	94,000	63,73,000	1,01,000
2. Delhi . . .	5,455	10,613	16,278	11,000	35,000	35,000
3. Baluchistan . .	3,208	1,804	3,110	3,000	3,000	3,000
4. North-West Frontier	22,423	27,503	23,353	26,000	24,000	24,000
5. Other Provinces .	24,11,368	41,22,695	53,37,883	44,48,000	87,08,000	61,57,000
Total .	25,49,376	42,28,137	55,72,883	45,82,000	1,51,43,000	63,20,000
Divided and Provincial.						
1. Madras . . .	4,44,531	4,76,011	5,01,562	5,31,000	6,97,000	5,81,000
2. Bombay . . .	9,22,310	9,86,435	11,26,883	11,75,000	12,50,000	18,50,000
3. Bengal . . .	2,94,526	4,36,318	4,03,499	3,59,000	4,40,000	4,69,000
4. United Provinces .	2,48,117	2,84,472	3,12,038	3,14,000	3,69,000	3,32,000
5. Punjab . . .	1,70,118	2,04,669	2,43,855	1,89,000	2,26,000	2,53,000
6. Burma . . .	2,72,554	3,39,326	4,33,581	3,47,000	3,43,000	3,38,000
7. Bihar and Orissa .	93,726	1,07,940	88,980	1,13,000	1,15,000	1,09,000
8. Central Provinces .	1,22,115	75,211	91,703	90,000	92,000	96,000
9. Assam . . .	49,315	41,953	43,859	50,000	52,000	55,000
Total .	26,17,312	29,52,335	32,45,960	31,68,000	35,84,000	40,78,000
TOTAL INDIA R	51,66,688	71,80,472	88,18,843	77,50,000	1,87,27,000	1,03,98,000
Equivalent in Sterling £	344,446	478,698	587,922	516,700	1,248,500	693,200

(*a*) *Imperial.*

57. The wholly Imperial expenditure shown against "Other Provinces" represents refunds and drawbacks in respect of wholly Imperial revenue (*e. g.*, Opium, Salt, Super-tax, Customs and Tributes). The large increase of R1,05·61 lakhs in the Revised estimate over the Budget for 1918-19 occurs mainly under Salt (R62·94 lakhs), Customs (R38·18 lakhs) and Super-tax (R4·24 lakhs) refunds. The excess under the first head is due to the refund to salt traders in Northern India of duty paid by them in advance in previous years; allowance for the payments was made on the revenue side in the current year's Budget (*vide* paragraph 21). Owing to shipping difficulties a large quantity of merchandise destined for other countries was in the current year imported into Indian ports in the first instance; the increase under Customs refunds arises partly from this cause and partly from the collection of import duties on a provisional basis, owing to delay in the receipt of shipping documents, subject to re-adjustment on receipt of the latter. The Budget estimate for 1919-20 assumes normal refunds of Salt revenue and a decrease under Customs refunds following on an anticipated reduction in re-exports owing to improved shipping facilities.

Revised, 1918-19.

Budget, 1919-20.

(*b*) *Divided and Provincial.*

58. The expenditure fluctuates considerably from year to year and is difficult to estimate. In 1918-19, the Budget will be exceeded by R4·16 lakhs owing to higher refunds of income-tax revenue in several provinces and a special land revenue refund in Madras. The Budget estimate for 1919-20 includes a provision of R5 lakhs in Bombay for refund of excise license fees to shopkeepers who had to close their shops owing to the temporary failure of supplies of country spirits; and in Madras allowance has been made for the special payment included in the Revised for the current year. The estimates for the other provinces generally follow the Revised estimate.

Revised, 1918-19.

Budget, 1919-20.

2.—ASSIGNMENTS AND COMPENSATIONS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Imperial.						
1. India General . .	33,38,765	32,18,487	36,39,766	39,38,000	30,49,000	34,33,000
2. Delhi . . .	4,423	5,188	4,393	5,000	5,000	5,000
3. Baluchistan . .	2,01,888	2,01,745	2,00,636	2,02,000	2,03,000	2,02,000
4. North-West Frontier	17,769	17,842	17,668	18,000	20,000	20,000
5. Other Provinces .	35,51,743	35,45,856	35,64,978	35,74,000	34,92,000	34,97,000
Total .	71,14,588	69,89,118	74,27,441	77,37,000	67,69,000	71,57,000
Divided and Provincial.						
1. Madras . . .	6,19,472	5,95,418	5,55,915	6,10,000	6,24,000	6,20,000
2. Bombay . . .	1,08,82,022	1,05,20,212	1,05,36,685	1,07,94,000	1,09,73,000	1,09,23,000
3. Bengal . . .	60,060	1,09,389	1,36,574	1,89,000	1,76,000	1,99,000
4. United Provinces .	2,98,524	3,06,022	2,92,797	3,03,000	2,88,000	3,02,000
5. Punjab . . .	65,902	66,880	66,646	71,000	68,000	69,000
6. Burma . . .	400	200	200	1,000	1,000	1,000
7. Bihar and Orissa .	1,01,041	98,974	1,02,028	1,01,000	1,01,000	1,01,000
8. Central Provinces .	36,011	34,813	34,897	32,000	34,000	33,000
9. Assam . . .	35,039	34,331	34,933	37,000	37,000	37,000
Total .	1,20,98,471	1,17,66,239	1,17,60,675	1,21,38,000	1,23,02,000	1,22,85,000
TOTAL, INDIA R	1,92,13,059	1,87,55,357	1,91,88,116	1,98,75,000	1,90,71,000	1,94,42,000
Equivalent in Sterling £	1,280,870	1,250,357	1,279,208	1,325,000	1,271,400	1,296,100

(*a*) *Imperial.*

59. The wholly Imperial expenditure shown against "Other Provinces" represents Opium, Salt and Customs compensations paid to Indian States and Foreign Governments, as well as Miscellaneous compensations (*i.e.*, those of a general character and not intended to indemnify against loss of a particular kind of revenue) in provinces other than Bombay. The variations between the Budget and Revised estimates of the current year and between the latter and the Budget of next year are, generally speaking, due to the fact that the salt royalty payable to Jaipur and Jodhpur and the customs compensation payable to Travancore and Cochin fluctuate respectively with reference to the actual sales of salt and the actual realisations of customs revenue.

(*b*) *Divided and Provincial.*

Revised, 1918-19. 60. The Revised estimate for 1918-19 exceeds the Budget by R1·64 lakhs owing to arrear payments in Bombay in respect of compensation for lease of the revenue from hemp drugs and an increase under assessment of alienated lands in the same province due to revised survey and settlement rates introduced in certain districts.

Budget, 1919-20. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year.

XII.—INTEREST RECEIPTS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. Interest on Imperial loans and advances . .	34,83,525	34,21,667	33,83,355	34,66,000	36,00,000	34,66,000
2. Profits of Paper Currency Circulation . .	34,70,420	34,70,420	34,70,420	34,70,000	34,70,000	66,70,000
3. Interest on overdrawn Capital of Railway Companies in India .	5,62,490	5,67,643	6,39,511	6,46,000	5,60,000	5,95,000
4. Interest charged to Capital on advances to Railway Companies .	39,990	9,553	9,987	11,000	9,000	60,000
5. Interest on Securities of Railway Companies' Provident Funds . .	...	...	1,02,597	16,00,000	31,51,000	26,41,000
6. Miscellaneous items .	3,55,844	3,24,001	6,48,505	3,41,000	12,17,000	4,05,000
TOTAL ₹	79,12,269	77,93,284	82,54,375	95,34,000	1,20,07,000	1,38,37,000
Provincial.						
1. Madras . . .	4,52,295	4,82,547	4,56,476	5,00,000	4,78,000	5,28,000
2. Bombay . . .	12,43,788	12,62,716	11,39,358	10,07,000	8,51,000	9,43,000
3. Bengal . .	4,63,551	6,49,042	6,89,791	5,55,000	5,35,000	5,33,000
4. United Provinces .	23,94,286	17,78,373	14,97,372	13,24,000	12,25,000	19,45,000
5. Punjab . . .	2,45,866	2,77,185	2,47,291	2,48,000	2,44,000	2,38,000
6. Burma . . .	1,71,053	1,64,513	1,65,978	2,15,000	2,26,000	2,45,000
7. Bihar and Orissa .	1,87,067	1,75,750	1,56,625	2,08,000	1,48,000	1,98,000
8. Central Provinces .	2,70,937	2,76,390	2,17,762	1,92,000	1,93,000	2,18,000
9. Assam . . .	43,885	58,893	1,24,488	2,12,000	1,63,000	2,29,000
TOTAL ₹	54,72,728	51,25,409	46,95,141	44,61,000	40,63,000	50,77,000
TOTAL INDIA ₹	1,33,84,997	1,29,18,693	1,29,49,516	1,39,95,000	1,60,70,000	1,89,14,000
Equivalent in Sterling £	892,333	861,246	863,301	933,000	1,071,400	1,260,900
ENGLAND.						
1. Profits of Paper Currency Circulation . . .	78,211	399,152	1,429,349	1,504,600	1,718,900	1,940,300
Deduct: transfer to the Paper Currency Reserve Depreciation Fund . .	...	*399,080*	*450,000*	...	...	...
Net profits of Paper Currency circulation .	78,211	72	979,349	1,504,600	1,718,900	1,940,300
2. Interest realised from investment of Cash Balances etc.	93,458	213,929	364,645			
3. Interest on advances to the Imperial Bank of Persia for the purpose of the Persian Government . .	31,349	24,591	27,280	260,000	280,000	145,000
4. Interest on investment in Special Reserve	...	...	...	855,000	772,600	291,200
5. Miscellaneous . .	1,066	36,666	—64,467	...	...	...
TOTAL £	204,084	275,258	1,306,807	2,619,600	2,771,500	2,376,500
TOTAL RECEIPTS £	1,096,417	1,136,504	2,170,108	3,552,600	3,842,900	3,637,400
Loans and advances outstanding on 31st March :—						
1. Imperial . £	5,939,789	5,934,988	5,993,779	6,002,988	6,050,679	6,107,579
2. Provincial . £	6,711,720	6,120,555	5,585,919	5,390,955	6,846,819	7,600,519

(*a*) *India—Imperial.*

Revised, 1918-19.

61. The Revised estimate for 1918-19 is more than the Budget by R24·73 lakhs. The bulk of the increase represents discount on British and Indian treasury bills tendered in payment of subscriptions to the war loan (R7·86 lakhs), and larger interest (R15·51 lakhs) realised from securities of railway companies' provident funds taken over by Government, owing to recovery of arrears in respect of funds already transferred and to further transfers of provident funds during the current year. An excess of R1·34 lakhs in the receipts on account of Imperial loans and advances is partly counterbalanced by a reduction in the interest on the overdrawn capital of railway companies (R86,000).

Budget, 1919-20.

62. The Budget for 1919-20 is taken at R18·30 lakhs more than the Revised for the current year. The special receipts in the current year in connection with provident funds and the tender of treasury bills as subscription to the war loan have been eliminated, but the profits on paper currency circulation will be higher by R32 lakhs owing to the issue to the Paper Currency Reserve during the current year of Indian treasury bills of the face value of R6·40 crores.

(*b*) *India—Provincial.*

Revised, 1918-19.

63. The Revised estimate for 1918-19 is R3·98 lakhs less than the Budget. The decrease occurs mainly in Bombay (R1·56 lakhs) and the United Provinces (R99,000) and is due to the postponement of recoveries in respect of advances to cultivators owing to the unfavourable agricultural conditions. The Budget estimate for 1919-20 provides for an increase of R10·14 lakhs owing to anticipated recoveries in respect of the large agricultural advances which have been granted in the current year. The bulk of the increase (R7·20 lakhs) is expected in the United Provinces.

Budget, 1919-20.

(*c*) *England.*

Revised, 1918-19.

64. The interest receipts in England in 1918-19 are likely to exceed the Budget estimate by £151,900. The rise is due to increased investments on behalf of the Paper Currency Reserve and recoveries of arrears in respect of advances to the Imperial Bank of Persia for the purposes of the Persian Government, partly counterbalanced by a decline in the interest from investments on behalf of the Special Reserve.

Budget, 1919-20.

65. The interest receipts are taken in the Budget estimate for 1919-20 at £2,376,500 or £395,000 less than in the Revised for the current year. The interest on Paper Currency Reserve investments will be higher by £221,400 as a full year's interest will be realised in respect of the additional investments made in the current year. On the other hand, there will be a large decline of £481,400 in the receipts from the Special Reserve as it is anticipated that the securities held in the reserve will have to be sold during the course of the current and next years in order to finance the requirements of the Home treasury. The interest on the cash balances of the Home treasury and on advances to the Imperial Bank of Persia is also expected to be less than in the current year by £135,000.

13 AND 14.—INTEREST EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Interest on Debt other than that charged to Railways and Irrigation Works—						
Interest on total Debt—						
1. India ₹	5,70,46,941	5,66,67,195	9,34,66,322	10,61,00,000	12,40,00,000	13,38,00,000
£	3,803,130	3,777,813	6,231,088	7,073,300	8,266,700	8,920,000
2. England £	6,182,399	5,846,832	9,938,905	9,196,200	8,400,600	7,819,900
Total £	9,985,529	9,624,645	16,169,993	16,269,500	16,667,300	16,739,900
Deduct amounts charged to—						
(*a*) Railways:						
(*i*) India ₹	*6,42,62,141*	*6,20,88,181*	*6,75,37,922*	*6,51,65,000*	*6,97,61,000*	*7,28,85,000*
£	*4,284,143*	*4,139,212*	*4,502,528*	*4,344,300*	*4,650,800*	*4,859,000*
(*ii*) England £	*3,738,480*	*3,620,110*	*3,652,953*	*3,588,600*	*3,636,600*	*3,699,600*
Total Railways £	*8,022,623*	*7,759,322*	*8,155,481*	*7,932,900*	*8,287,400*	*8,558,600*
(*b*) Irrigation:						
(*i*) India ₹	*1,98,60,762*	*1,93,89,288*	*2,08,67,708*	*2,02,24,000*	*2,12,36,000*	*2,15,87,000*
£	*1,324,051*	*1,292,620*	*1,391,180*	*1,348,300*	*1,415,700*	*1,439,100*
(*ii*) England £	*127,299*	*120,585*	*124,415*	*121,000*	*124,500*	*124,600*
Total Irrigation £	*1,451,350*	*1,413,205*	*1,515,595*	*1,469,300*	*1,540,200*	*1,563,700*
Total deduction £	*9,473,973*	*9,172,527*	*9,671,076*	*9,402,200*	*9,827,600*	*10,122,300*
Interest on Ordinary Debt £	511,556	452,118	6,498,917	6,867,300	6,839,700	6,617,600
Distribution of above—						
Imperial £	271,214	229,306	6,287,001	6,659,100	6,590,800	6,301,100
Provincial £	240,342	222,812	211,916	208,200	248,900	316,500
Interest on other Obligations—						
On Savings Bank Balances converted at ₹15=£1 £	473,085	513,795	631,034	679,500	791,600	852,200
Other items £	205,723	208,951	198,218	237,500	235,300	293,700
TOTAL £	678,808	722,746	829,252	917,000	1,026,900	1,145,900
GRAND TOTAL £	1,190,364	1,174,864	7,328,169	7,784,300	7,866,600	7,763,500
Debt outstanding on 31st March—	£	£	£	£	£	£
Sterling	182,171,829	174,144,724	236,957,575	218,005,524	203,042,575	194,142,575
Rupee Debt—	₹	₹	₹	₹	₹	₹
Permanent Debt—						
New Loan	...	...	...	30,00,00,000	...	15,00,00,000
5½ per cent. War Bonds	...	...	...	...	29,40,21,000	29,40,81,000
5 per cent. debt	...	1,10,51,523	25,17,53,643	26,65,65,523	25,13,12,643	24,69,12,643
4 per cent. „	8,18,86,000	21,46,54,000	17,68,18,200	15,98,77,000	17,48,89,200	17,36,89,200
3½ per cent. „	1,38,50,89,600	1,32,02,13,950	1,19,38,73,900	1,18,94,58,950	1,19,00,77,900	1,19,06,77,900
3 per cent. „	7,75,47,200	7,26,69,400	6,83,29,150	6,57,73,400	6,69,00,150	6,62,00,150
Other debt	1,00,74,900	1,00,14,200	1,00,13,900	1,00,14,200	1,00,13,900	1,00,13,900
Temporary Debt—						
5½ per cent. War Bonds	...	4,91,67,255	31,74,74,065	31,75,34,255	59,35,38,065	59,36,18,065
Treasury Bills	...	...	43,57,05,000	43,00,00,000	43,57,05,000	21,07,05,000
Other loans	6,50,00,000	50,00,000	4,00,00,000	...	...	...
Savings Bank Balances	23,13,00,699	25,25,68,358	30,70,05,385	32,35,23,358	38,18,57,385	42,80,49,385
Post Office Cash Certificates	...	...	8,88,44,541	9,00,00,000	8,26,44,541	8,26,44,541

Interest on Ordinary debt.

Revised, 1918-19.

66. The expenditure in 1918-19 on account of interest payable on the public debt as a whole will exceed the Budget estimate by R59·67 lakhs (£397,800). In view of the large deficit in the Imperial revenue account now anticipated for the current year, no appropriation is being made from revenue towards the sinking fund for the discharge of the British war debt for which India has assumed liability in connection with her contribution of £100 millions to the cost of the war. But for this, the aggregate interest charges would have exceeded the Budget provision by R130·43 lakhs (£869,600), due mainly to larger discount on treasury bills (R92 lakhs=£613,300), to interest on ways and means advances aggregating R17 crores obtained from Presidency Banks in the latter part of the year (R20 lakhs=£133,000), and to a rise in other interest payments (R8 lakhs=£53,300) in connection with the conversion operations of our first war loan. Apart from these items, the charges for the service of the second Indian war loan for which the Budget included a provision of R100 lakhs (£666,700) are now expected to amount to R160 lakhs (£1,066,700) owing to the proceeds of the loan being considerably larger than the figure assumed in the Budget. The excess in interest expenditure in India on this account will however be largely counterbalanced by a saving in England (R48·52 lakhs = £323,500) in the provision for dividends in respect of India's share of the British war debt, the resultant *net* increase over the Budget figure for interest as a result of these changes being thus R11·48 lakhs (£76,500).

Budget, 1919-20.

67. In the Budget for 1919-20, provision has been made for a full year's interest on the second Indian war loan raised in the current year. A sum of R70 lakhs (£466,700) has been set aside for the service of the rupee loan to be floated in the coming year, and a further sum of R1,05 lakhs (£700,000) for the discount on the treasury bills which it is anticipated will be sold during the course of 1919-20 in partial replacement of those issued in the current year. Provision has also been entered for the dividends due on the undischarged balance of India's share of the British war debt and for a sinking fund appropriation of £633,700.

68. The following statement shows the details of the charges now anticipated in the current and next years for the service of India's £100 million contribution to the cost of the war:—

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
In India—	£	£	£
Interest on first Indian war loan, 1917	1,582,000	1,582,000	1,551,000
Sinking fund for long term Indian war loan (1929-47) at 1½ per cent. on the amount of loan created by fresh issue and conversion . .	273,300	273,300	273,300
Interest on second Indian war loan, 1918	666,700	1,066,700	2,092,200
Total .	2,522,000	2,922,000	3,916,500
In England—			
Interest on British 5 per cent. war loan (1929-47) taken over by India .	3,006,200	2,682,700	1,498,300
Sinking fund in respect of British 5 per cent. war loan (1929-47) taken over by India	471,800	...	633,700
	6,000,000	5,604,700	6,048,500

Transfers to Railway and Irrigation Accounts.

69. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; secondly, on the actual payment of interest on that portion of the debt which has been incurred specifically on account of the construction or purchase of railways or irrigation works; and, thirdly, on the rate at which interest is charged on that

portion of the debt which has not been specifically raised for the above or other purpose. Our practice is to adopt, for this adjustment, the average rate of interest actually paid in respect of the whole of the non-specific debt in the latest year for which complete accounts are available. The result is that the rate adopted in calculating the Revised estimate for a year is generally somewhat different from that used for the Budget estimate : and this usually leads to a difference between the two estimates apart from that caused by a variation in the capital expenditure itself.

Revised, 1918-19.

The increase of R63·81 lakhs (£425,400) in the Revised estimate of total interest to be transferred in 1918-19, as compared with the Budget, is due to an increase in the rate as well as in the capital at charge at the end of 1918-19. The increase in the total amount of interest to be transferred in 1919-20 over the Revised estimate for 1918-19 is almost wholly due to the progress of capital expenditure.

Budget, 1919-20.

Transfer to Provincial.

70. A portion of the interest on Ordinary Debt appears in the Provincial section of the accounts. Provincial Governments are authorised to grant advances to cultivators (as well as to certain other people in special cases) under various Acts, to Indian States, to landholders and notabilities apart from the provisions of any law and to municipalities and local bodies (other than Presidency Corporations), out of amounts annually placed at their disposal by the Government of India. The interest actually levied on such advances is credited as Provincial revenue. But interest at a fixed rate is charged to the local Governments on the mean between the outstanding balances of the Provincial Loan Accounts at the commencement of the year and at its close; and this is done by transferring the amount so calculated from the Imperial to the Provincial section under Interest on Ordinary Debt. The differences between the Budget and the Revised estimates of the amount to be transferred to the Provincial Section in the current year, and between the latter and the Budget estimate of 1919-20, are explained by the variations in the outstanding balances of the Provincial Loan Account as shown in the table under head XII.—Interest receipts.

Interest on other obligations.

Revised, 1918-19.

71. The total expenditure in 1918-19 is likely to exceed the Budget by R16·48 lakhs (£109,900) owing mainly to an increase in the interest payable in respect of the provident funds of railway companies in consequence of further transfers of these funds to Government during the current year. The Budget estimate for 1919-20 provides for an increase of R17·86 lakhs (£119,000) over the Revised for 1918-19. It is attributable to an anticipated growth in the deposits in state and railway companies' provident funds and to provision for a special arrear payment (R5·96 lakhs) of certain *wasika* pensions which have remained undrawn since the outbreak of the war.

Budget, 1919-20.

XIII AND 15—POSTS AND TELEGRAPHS.

—	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
REVENUE.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Postage and Message Revenue .	4,39,07,079	4,78,47,180	5,23,91,597	5,49,49,000	6,20,54,000	6,66,29,000
2. Commission on money orders .	63,44,831	67,48,904	76,49,308	79,00,000	81,00,000	86,00,000
3. Other Receipts .	44,54,226	46,51,886	48,50,337	49,00,000	50,60,000	52,10,000
TOTAL INDIA . ₹	5,47,06,136	5,92,47,970	6,48,91,242	6,77,49,000	7,52,14,000	8,04,39,000
TOTAL INDIA . £	3,647,076	3,949,865	4,326,083	4,516,600	5,014,300	5,362,600
. ENGLAND £	...	20,014	23,000	50,000	...	50,000
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT £	3,647,076	3,969,879	4,349,083	4,566,600	5,014,300	5,412,600
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
INDIA.						
1. Message Revenue .	19,29,616	30,32,096	36,22,663	30,00,000	43,70,000	45,00,000
2. Other Receipts .	—1,10,479	18,478	11,763	—2,55,000	65,000	—5,85,000
TOTAL INDIA . ₹	18,19,137	30,50,574	36,34,426	27,45,000	44,35,000	39,15,000
TOTAL INDIA . £	121,276	203,371	242,295	183,000	295,600	261,000
ENGLAND.						
1. Message Revenue. £	10,077	1,196	22,688	2,000	12,200	2,000
2. Other Receipts £	9,049	161	2,624	31,200	800	41,200
TOTAL ENGLAND £	19,126	1,357	25,312	33,200	13,000	43,200
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT . . £	140,402	204,728	267,607	216,200	308,600	304,200
TOTAL REVENUE £	3,787,478	4,174,607	4,616,690	4,782,800	5,322,900	5,716,800
EXPENDITURE.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Establishment charges . . .	3,22,63,206	3,23,38,193	3,39,90,038	3,64,42,000	3,91,17,000	4,06,57,000
2. Stationery and Printing . . .	15,42,336	15,72,270	24,88,973	17,41,000	23,80,000	23,81,000
3. Conveyance of mails	72,37,261	72,03,461	72,59,446	75,90,000	77,34,000	78,53,000
4. Maintenance of Telegraph Lines .	24,43,300	25,03,651	22,89,030	25,18,000	27,78,000	25,51,000
5. Capital outlay in connection with the Telegraph Service .	—5,47,706	—4,26,035	—1,20,962	5,35,000	6,88,000	17,60,000
6. Miscellaneous .	10,58,228	10,47,817	12,91,086	10,91,000	12,11,000	12,37,000
TOTAL INDIA ₹	4,39,96,625	4,42,39,357	4,71,97,611	4,99,17,000	5,39,08,000	5,64,39,000
Equivalent in Sterling £	2,933,108	2,949,291	3,146,508	3,327,800	3,593,900	3,762,600
ENGLAND.						
1. Contribution to Eastern mail subsidy £	42,713	59,863	45,788	45,800	45,800	45,800
2. Stores . . £	149,595	204,171	186,165	367,800	267,800	547,000
3. Other items . £	9,047	5,298	3,933	4,200	4,200	7,200
TOTAL ENGLAND . £	201,355	269,332	235,886	417,800	317,800	600,000
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT £	3,134,463	3,218,623	3,382,394	3,745,600	3,911,700	4,362,600
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
INDIA AND ENGLAND.						
1. Revenue charges . £	93,823	107,941	144,205	133,000	170,500	173,200
2. Capital outlay . £	6,732	145,485	41,075	76,000	44,000	59,100
3. Payments in respect of Revenue . £	—85,338	—30,662	56	—23,200	—9,700	—14,700
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT £	15,217	222,764	185,336	185,800	204,800	217,600
TOTAL EXPENDITURE . . £	3,149,680	3,441,387	3,567,730	3,931,400	4,116,500	4,580,200
NET REVENUE . £	637,798	733,220	1,048,960	851,400	1,206,400	1,136,600

REVENUE.

(*a*) *Indian Postal and Telegraph Department.*

72. The Revised estimate for 1918-19 exceeds the Budget by R67·15 lakhs (£447,700). There will be no receipts in England in the current year under the Morley award in connection with the Eastern Mail Service against R7·50 lakhs anticipated in the Budget. The improvement in India thus amounts to about R75 lakhs and is due to a large expansion of internal business, a growth in the revenue from state messages owing to war conditions and increased rates introduced during the year for foreign postage and inland letters, parcels and telegrams. *Revised, 1918-19.*

73. The Budget estimate for 1919-20 provides for a further advance of R52·25 lakhs in the collections in India. There will be a fall in military traffic brought about by war conditions, but it will be more than made up by the normal growth in revenue and a full year's yield of the increased rates introduced in the current year. A receipt of R7·50 lakhs is also anticipated in England in connection with the Eastern Mail Service. *Budget, 1919-20.*

(*b*) *Indo-European Telegraph Department.*

74. An increase of R13·87 lakhs (£92,400) in the revenue is anticipated in the current year as compared with the Budget owing to an expansion of traffic with Persia and adjacent countries. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year. *Revised, 1918-19.* *Budget, 1919-20.*

EXPENDITURE.

(*a*) *Indian Postal and Telegraph Department.*

75. The expenditure in 1918-19 is likely to exceed the Budget grant by R24·91 lakhs (£166,100). The increase is mainly due to a rise in the cost of allowances granted to subordinate establishments as compensation for high prices, the improvement of motor-car services, larger outlay on stationery and printing owing to a rise in prices, and payments for stores returned from Mesopotamia, partly counterbalanced by a saving in the provision for the purchase of stores in England. *Revised, 1918-19.*

76. The Budget grant for 1919-20 exceeds the Revised for the current year by the large sum of R67·64 lakhs (£450,900). The outlay in England will be higher by R42·33 lakhs owing to higher prices for stores and a larger demand to replenish stocks depleted by supplies for military requirements. Provision has also been made in India for various schemes of revision of pay and reorganisation of establishments costing about R15 lakhs, for the continuance of the war allowances and for further expenditure (R6 lakhs) on the motor services. The credits for stores supplied to other departments will be less by R8 lakhs owing to reduced demands following on the termination of the war. Apart from these special items, the Budget estimate provides for sanctioned establishments and normal working expenses, together with a margin for the development of the operations of the department which are generally remunerative in character. *Budget, 1919-20.*

(*b*) *Indo-European Telegraph Department.*

77. The Revised estimate for 1918-19 exceeds the Budget by R2·85 lakhs (£19,000), the rise being due to the reorganisation of establishments, the grant of compensation for famine and high prices and for variations in the exchange rates for the kran and the dollar, and a reduction in the net receipts in England in connection with the joint purse arrangement, etc., partly counterbalanced by a lapse in the grant for capital outlay owing to the postponement of works. The Budget estimate for 1919-20 is taken at R1·92 lakhs (£12,800) more than the Revised for the current year. An increase in the capital outlay on the construction of telegraph lines will be met from a contribution from the British Exchequer for the Jask-Lingah and Bunder-Abbas Kerman lines. *Revised, 1918-19.* *Budget, 1919-20.*

XV AND 17.—MINT.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
REVENUE.						
INDIA.						
1. Percentage chargeable on coinage of new rupees . . .	...	61,90,138	43,15,269	30,00,000	1,05,00,000	98,00,000
2. Profit on circulation of—						
(*a*) Nickel coins .	14,01,818	32,91,627	22,56,321	25,00,000	1,31,00,000	95,00,000
(*b*) Bronze coins, etc.	...	...	4,70,417	...	10,50,000	5,00,000
3. Fees for coining dollars, etc. . .	136	3,06,032	2,22,419	26,000	2,00,000	2,94,000
4. Other items . .	1,26,348	5,60,185	4,96,585	1,14,000	3,01,000	2,54,000
TOTAL . { R	15,28,302	1,03,47,982	77,61,011	56,40,000	2,51,51,000	2,03,48,000
TOTAL . { £	101,887	689,866	517,401	376,000	1,676,700	1,356,500
England . £	31	...	...	...	100	...
TOTAL £	101,918	689,866	517,401	376,000	1,676,800	1,356,500
EXPENDITURE.						
INDIA.						
1. Establishment charges	6,40,920	9,91,475	11,18,659	12,23,000	16,00,000	13,94,000
2. Purchase of stores .	82,662	4,19,956	4,68,335	4,20,000	7,58,000	6,70,000
3. Loss on bronze coinage . .	1,24,786	1,12,152	...	...	...	...
4. Loss on re-coining old silver coins . .	3,59,838	4,16,592	3,00,686	4,44,000	8,83,000	7,51,000
5. Other coinage losses .	18,834	4,39,764	3,09,637			
6. Charges for gold mint	...	...	...	2,00,000	1,34,000	1,20,000
TOTAL . { R	12,27,040	23,79,939	21,97,317	22,87,000	33,75,000	29,35,000
TOTAL . { £	81,803	158,662	146,488	152,500	225,000	195,700
England . £	7,570	8,749	20,894	17,500	42,000	88,800
TOTAL . £	89,373	167,411	167,382	170,000	267,000	284,500
TOTAL NET REVENUE £	12,545	522,455	350,019	206,000	1,409,800	1,072,000

REVENUE.

Revised, 1918-19.

78. The Revised estimate for the current year exceeds the Budget by R1,95·12 lakhs. Of this increase R75 lakhs are contributed by the seignorage on 52½ crores of rupees which it is expected to coin in the current year from the silver obtained from America under the Pittman Act, and from purchases made by the Secretary of State in the market. The balance of the increase is mainly derived from the profit on the circulation of nickel and bronze coins (R1,16·50 lakhs); there has been an extraordinary demand for subsidiary coinage, especially nickel, during the current year as the result apparently of the increased circulation of notes and of the concurrent restrictions which it was necessary to impose on the encashment of currency notes by district treasuries. There will also be a receipt of R2 lakhs in respect of re-coinage undertaken for the Straits Government, and the heavy coinage

of rupees will result in an increase in the operative gains included under "other items" in the above table; but the latter will be counterbalanced by an increase in the debits on account of operative losses.

79. The Budget estimate for 1919-20 is taken at R48·04 lakhs less than the Revised estimate for 1918-19. Provision is made for a seignorage receipt of R98 lakhs from the coinage of the balance of the silver to be received under the Pittman Act and a moderate purchase in the market, and for a profit of R1,00 lakhs from the circulation of subsidiary coinage for which demand will continue to be heavy. *Budget, 1919-20.*

EXPENDITURE.

80. The excess of R14·55 lakhs in the expenditure in the current year over the Budget estimate arises from the heavy coinage of rupees and small coin. The Budget for 1919-20 provides for a small excess of R2·62 lakhs over the Revised, which occurs in the cost of stores obtained from England. *Revised, 1918-19.* *Budget, 1919-20.*

18.—GENERAL ADMINISTRATION.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
INDIA.						
Imperial.						
1. Cost of the Central Government:						
(i) Salary and expenses of the Governor-General .	10,22,202	10,49,815	10,38,509	10,25,000	10,43,000	10,08,000
(ii) Executive Council .	5,40,960	5,34,543	5,17,426	5,38,000	5,17,000	5,17,000
(iii) Legislative Council .	1,25,012	1,54,383	1,71,883	1,58,000	1,95,000	1,98,000
(iv) Charges of the Secretariats .	36,89,215	38,11,699	38,96,600	37,42,000	39,44,000	41 11,000
2. Offices of Account and Audit . . .	38,51,258	38,97,014	39,46,194	38,57,000	39,89,000	37,70,000
3. Currency Department and Reserve Treasury . . .	9,59,186	10,46,462	12,36,733	11,04,000	12,77,000	12,82,000
4. Payments to Presidency Banks for treasury and public debt work . .	3,95,461	4,63,264	5,10,664	4,74,000	6,23,000	5,44,000
5. Ajmer-Merwara Administration, etc. .	2,404	4,594	4,375	2,000	2,000	3,000
6. Delhi . . .	1,47,767	1,45,418	1,27,033	1,36,000	1,25,000	1,33,000
7. North-West Frontier Administration .	3,69,421	3,61,994	3,65,432	4,15,000	3,72,000	3,82,000
Total .	1,11,02,886	1,14,69,186	1,18,14,849	1,14,51,000	1,20,87,000	1,19,48,000
Provincial.						
1. Madras . . .	15,50,732	15,15,419	15,84,614	15,86,000	16,35,000	17,09,000
2. Bombay . . .	20,49,821	20,50,106	21,39,819	21,63,000	22,13,000	23,05,000
3. Bengal . .	23,88,887	24,82,180	25,83,941	25,88,000	26,11,000	26,38,000
4. United Provinces .	17,56,105	17,60,350	18,17,156	18,21,000	18,69,000	18,50,000
5. Punjab . . .	12,41,339	12,48,688	12,40,298	12,87,000	12,54,000	12,63,000
6. Burma . . .	15,87,066	16,89,550	17,25,847	16,18,000	16,70,000	16,66,000
7. Bihar and Orissa .	13,50,018	14,14,087	13,93,999	14,18,000	14,56,000	14,43,000
8. Central Provinces .	9,25,185	9,62,329	9,39,798	9,91,000	9,81,000	9,45,000
9. Assam . . .	6,12,443	5,94,072	6,05,735	6,26,000	6,30,000	6,16,000
Total .	1,34,61,596	1,37,16,781	1,40,31,207	1,40,98,000	1,43,19,000	1,44,35,000
TOTAL INDIA ₹	2,45,64,482	2,51,85,967	2,58,46,056	2,55,49,000	2,64,06,000	2,63,83,000
Equivalent in Sterling .	£ 1,637,632	£ 1,679,065	£ 1,723,071	£ 1,703,300	£ 1,760,400	£ 1,758,900
ENGLAND.						
1. Cost of the Secretary of State's establishment, etc. . .	280,424	301,819	331,717	340,600	367,700	361,900
2. Stores, etc., for India .	50,682	102,253	110,128	219,600	307,100	230,500
TOTAL £	331,106	404,072	441,845	560,200	674,800	592,400
GRAND TOTAL £	1,968,738	2,083,137	2,164,916	2,263,500	2,435,200	2,351,300

(*a*) *India—Imperial.*

81. The expenditure in 1918-19 is likely to exceed the Budget grant by ₹6·36 lakhs. Apart from the grant of compensation for high prices, mainly in Bombay and Madras, the rise is due to (*a*) an increase in the charges of the civil accounts department (₹1·32 lakhs) owing to the cost of advertising the Indian war loan, for which provision was included in the Budget under "Interest on debt", partly set off by a contribution for audit and account establishment employed on public works expenditure adjusted in reduction of the charges under this head under a revised procedure for the distribution of the establishment charges of the Public Works Department which has been introduced in the current year; (*b*) larger expenditure on account of the Secretariats owing to the employment of officers on special duty in connection with the war and the question of constitutional reforms (₹2·02 lakhs); (*c*) an excess in the allowance payable to the Presidency Banks owing to increased public debt work, chiefly in connection with the conversion operations associated with the first war loan (₹1·49 lakhs); and (*d*) larger expenditure on the Currency Department, owing to the printing of treasury bill forms and the currency difficulties of the year (₹1·73 lakhs). The Budget estimate for 1919-20 provides generally for sanctioned establishments and normal charges. The decrease of ₹1·39 lakhs as compared with the Revised estimate for the current year is due to the omission of the special items of expenditure incurred in 1918-19, namely, the advertisement of the war loan and the extra payment to the Presidency Banks. The charges of the Secretariats show a rise instead of a reduction owing to the inclusion of provision in the Budget for the ensuing year for an investigation into the hydro-electric potentialities of India (₹2·86 lakhs) in pursuance of the recommendations of the Industrial Commission.

Revised, 1918-19.

Budget, 1919-20.

(*b*) *India—Provincial.*

82. The total Revised for 1918-19 will exceed the Budget grant by ₹2·21 lakhs, owing generally to the employment of officers on special duty in the Secretariats and the grant of compensation for high prices. The total Budget estimate for 1919-20 is ₹1·16 lakhs more than the Revised for the current year. The increase is mainly due to provision made for outlay on furniture for the Government houses in Madras (₹75,000) and Bombay (₹69,000) and for the construction of a new saloon for the Governor of Bengal (₹35,000).

Revised, 1918-19.

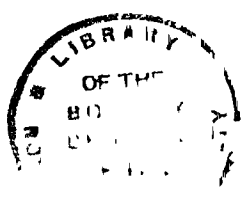
Budget, 1919-20.

(*c*) *England.*

83. The Revised estimate for 1918-19 exceeds the Budget by £114,600. The cost of stores supplied to India will be higher by £80,000 owing to the postponement to the current year of payments for the manufacture of currency notes for Re. 1 and ₹2½, and an expenditure of £4,800 is due to the visit of the Secretary of State to India and the deputation allowance of a representative attending the Imperial War Conference and the Peace Conference. There will also be a rise of £25,900 in the charges of the Secretary of State's establishment due mainly to higher salaries necessitated by the exigencies of the war, larger payments for professional inspection of stores, an increase in the wages of labourers at the India Store Depôt and the addition of a new storey to the India Office building. The Budget estimate for 1919-20 is less than the Revised for the current year by £82,400, owing mainly to the omission of the expenditure in the current year in connection with the Secretary of State's visit to India and the arrear payment for note forms.

Revised, 1918-19.

Budget, 1919-20.



XVI-A and 19-A.—LAW AND JUSTICE—COURTS OF LAW.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	3,66,693	3,77,772	3,05,583	2,44,000	2,63,000	2,60,000
2. Delhi	1,63,393	1,56,874	1,50,649	1,48,000	1,93,000	1,53,000
3. Baluchistan	27,479	23,944	32,311	28,000	31,000	28,000
4. North-West Frontier	6,41,577	6,64,690	6,92,720	7,16,000	7,01,000	7,39,000
Total	11,99,642	12,23,280	11,81,263	11,36,000	11,88,000	11,80,000
Provincial.						
1. Madras	84,47,568	85,47,219	85,12,927	89,13,000	89,70,000	98,76,000
2. Bombay	57,75,879	56,15,539	57,24,337	58,98,000	61,80,000	63,03,000
3. Bengal	1,03,11,110	99,20,187	1,00,08,704	1,01,75,000	1,04,20,000	1,04,35,000
4. United Provinces	69,97,430	67,48,239	66,85,224	67,58,000	69,45,000	69,35,000
5. Punjab	47,44,398	44,95,204	44,48,490	47,14,000	45,81,000	48,18,000
6. Burma	50,76,796	50,68,388	49,19,585	49,57,000	48,00,000	49,82,000
7. Bihar and Orissa	38,22,402	41,02,172	42,62,111	42,33,000	42,61,000	43,30,000
8. Central Provinces	28,83,014	28,50,990	30,12,340	30,67,000	31,67,000	31,31,000
9. Assam	10,35,202	10,27,425	10,44,450	10,52,000	10,76,000	10,75,000
Total	4,90,93,799	4,83,75,363	4,86,18,668	4,97,67,000	5,04,00,000	5,18,85,000
TOTAL INDIA . R	5,02,93,441	4,95,98,643	4,97,99,931	5,09,03,000	5,15,88,000	5,30,65,000
Equivalent in Sterling £	3,352,896	3,306,576	3,319,995	3,393,600	3,439,200	3,537,700
England . . . £	1,042	450	787	800	1,300	5,800
TOTAL £	3,353,938	3,307,026	3,320,782	3,394,400	3,440,500	3,543,500

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	2,81,439	1,64,745	1,24,050	40,000	41,000	34,000
2. Delhi	22,944	26,284	19,897	20,000	19,000	19,000
3. Baluchistan	38,128	48,303	50,473	46,000	41,000	42,000
4. North-West Frontier	1,74,293	2,05,258	2,31,838	2,28,000	2,29,000	2,21,000
Total	5,16,804	4,44,590	4,26,258	3,34,000	3,30,000	3,16,000
Provincial.						
1. Madras	12,00,387	11,38,856	11,33,641	10,79,000	10,10,000	10,91,000
2. Bombay	8,66,659	8,26,303	8,98,721	9,35,000	9,15,000	9,50,000
3. Bengal	8,43,999	9,21,386	11,22,200	12,23,000	10,67,000	11,88,000
4. United Provinces	8,53,721	8,60,104	8,74,837	8,64,000	8,64,000	8,98,000
5. Punjab	5,67,763	6,90,167	6,81,485	7,60,000	6,20,000	6,60,000
6. Burma	6,33,412	6,38,635	6,20,967	6,22,000	6,14,000	6,21,000
7. Bihar and Orissa	3,50,679	3,01,846	3,66,510	3,69,000	3,75,000	3,85,000
8. Central Provinces	2,43,774	2,57,305	2,75,831	2,80,000	2,75,000	2,95,000
9. Assam	1,25,971	1,42,796	1,26,793	1,43,000	1,35,000	1,41,000
Total	56,86,365	57,77,398	61,00,985	62,75,000	58,75,000	62,29,000
TOTAL R	62,03,169	62,21,988	65,27,243	66,09,000	62,05,000	65,45,000
Equivalent in Sterling £	413,545	414,799	435,150	440,600	413,700	436,300

EXPENDITURE.

(*a*) *Imperial.*

84. The figures show little variation.

(*b*) *Provincial.*

85. The Revised estimate for 1918-19 exceeds the Budget by R6·33 lakhs. Heavy expenditure amounting to R16·93 lakhs has been necessitated in all provinces except Burma and Assam on account of compensation for high prices. Increases also occur in respect of fees paid to pleaders in the High Court and mofussil courts in Bengal and in connection with a riot case in the United Provinces. The excess due to these causes will be met in part from savings in the grants for other items of ordinary expenditure and owing to the non-utilisation of the lump provision made in the Budget for additional judges in Bengal. *Revised, 1918-19.*

86. The Budget estimate for 1919-20 is R14·85 lakhs more than the Revised estimate for 1918-19. The excess is distributed over all provinces except the United and Central Provinces and Assam. Provision has generally been made for the normal charges of sanctioned establishments, and a sum of R17·93 lakhs in all has been set apart under this head for compensation to subordinate establishments for high prices. Grants have also been allotted in Madras (R1·85 lakhs) for a permanent increase in the number of civil courts and consequent re-grading of sub-judges and munsiffs, the revision of pay of clerical establishments and additional process-service establishments; in the Punjab (R1·26 lakhs) for the conversion of the Punjab Chief Court into a High Court and revision of the process-service establishment; in Bengal (R1·25 lakhs) for the improvement of the pay of ministerial establishments; in Bombay for various extra appointments and minor reforms; and in the United Provinces (R1,40,000) for an additional judicial commissioner and for the riot case mentioned in the preceding paragraph. *Budget, 1919-20.*

REVENUE.

(*a*) *Imperial.*

87. The figures show little variation.

(*b*) *Provincial.*

88. The revenue in the current year will fall short of the Budget by R4 lakhs owing to a drop in magisterial fines in Madras, Bengal and the Punjab and in the receipts of the Administrator-General in Bengal. The Budget estimate for 1919-20 anticipates a recovery in these provinces from the set back in the current year. *Revised, 1918-19.* *Budget, 1919-20.*

XVI-B and 19-B.—LAW AND JUSTICE—JAILS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	18,26,014	21,25,376	21,45,362	21,75,000	20,62,000	20,76,000
2. Delhi	81,739	78,315	61,938	80,000	62,000	67,000
3. Baluchistan	38,170	39,311	39,987	40,000	46,000	46,000
4. North-West Frontier	2,52,648	3,07,717	3,41,599	3,29,000	3,54,000	3,70,000
TOTAL	21,98,571	25,50,719	25,88,886	26,24,000	25,24,000	25,59,000
Provincial.						
1. Madras	15,27,715	15,63,198	16,70,385	16,03,000	20,56,000	18,23,000
2. Bombay	12,85,300	13,34,848	13,97,457	13,97,000	19,42,000	18,04,000
3. Bengal	25,06,617	27,96,318	30,35,129	30,03,000	33,36,000	30,04,000
4. United Provinces	23,84,085	23,27,153	23,29,290	24,28,000	30,05,000	27,21,000
5. Punjab	17,93,754	17,61,295	19,43,939	20,44,000	21,72,000	20,45,000
6. Burma	15,31,723	15,68,263	16,04,131	15,46,000	15,34,000	15,91,000
7. Bihar and Orissa	14,21,469	14,22,827	16,07,764	15,98,000	20,43,000	19,70,000
8. Central Provinces	6,56,887	6,62,816	7,28,647	7,21,000	9,15,000	8,21,000
9. Assam	3,29,022	3,06,686	3,33,765	3,42,000	3,49,000	3,69,000
TOTAL	1,34,36,572	1,37,43,404	1,46,50,507	1,46,82,000	1,73,52,000	1,61,48,000
TOTAL INDIA ₹	1,56,35,143	1,62,94,123	1,72,39,393	1,73,06,000	1,98,76,000	1,87,07,000
Equivalent in Sterling £	1,042,343	1,086,275	1,149,293	1,153,700	1,325,100	1,247,100
England £	177	147	28	...	...	...
TOTAL £	1,042,520	1,086,422	1,149,321	1,153,700	1,325,100	1,247,100

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	4,66,352	6,37,775	6,99,757	7,65,000	12,19,000	12,21,000
2. Delhi	33,164	29,090	20,815	28,000	11,000	12,000
3. Baluchistan	858	850	1,325	1,000	1,000	1,000
4. North-West Frontier	42,008	49,203	39,910	39,000	46,000	34,000
TOTAL	5,42,382	7,16,918	7,61,807	8,33,000	12,77,000	12,68,000
Provincial.						
1. Madras	5,10,531	5,69,398	7,69,942	6,10,000	9,92,000	7,08,000
2. Bombay	3,11,796	3,04,611	3,62,207	3,00,000	3,90,000	3,50,000
3. Bengal	9,09,148	12,13,040	12,01,713	13,52,000	13,00,000	10,01,000
4. United Provinces	3,52,443	3,67,714	3,95,515	3,51,000	7,71,000	3,52,000
5. Punjab	4,44,191	4,16,024	6,77,050	5,96,000	6,86,000	6,22,000
6. Burma	4,36,989	4,08,869	4,29,674	4,37,000	3,95,000	4,52,000
7. Bihar and Orissa	6,82,564	7,88,794	7,09,843	8,82,000	10,33,000	10,00,000
8. Central Provinces	2,17,291	3,05,914	2,95,064	3,42,000	4,21,000	3,57,000
9. Assam	81,047	94,583	92,431	90,000	1,04,000	94,000
TOTAL	39,46,000	44,68,947	49,33,439	49,60,000	60,92,000	49,36,000
TOTAL ₹	44,88,382	51,85,865	56,95,246	57,93,000	73,69,000	62,04,000
Equivalent in Sterling £	299,225	345,725	379,683	386,200	491,300	413,600

EXPENDITURE.

(*a*) *Imperial.*

89. The decrease of ₹1 lakh in the Revised estimate for the current year as compared with the Budget occurs mainly under commissariat supplies in Port Blair. The Budget for 1919-20 does not differ materially from the Revised estimate for the current year. *Revised, 1918-19.* *Budget, 1919-20.*

(*b*) *Provincial.*

90. The total expenditure in 1918-19 is likely to exceed the Budget grant by ₹26·70 lakhs. An excess of ₹14·87 lakhs will occur in the purchase of raw materials, in all provinces except Burma and Assam, due to increased orders from the Military and other Departments for jail-made articles and to a rise in prices. There will also be an increase of ₹11·95 lakhs in the ordinary charges of jails, mainly in Bombay (₹4·15 lakhs), the United Provinces (₹2·04 lakhs) and Bihar and Orissa (₹2·76 lakhs), as the result of a rise in dietary and clothing expenses owing to higher prices, and in some provinces to a larger jail population and the grant of compensation for high prices to subordinate establishments. *Revised, 1918-19.*

91. The Budget for 1919-20 is less than the Revised of the current year by ₹12·04 lakhs. The grant is generally based on the sanctioned scales of establishment, the probable jail population and the estimated outlay on raw materials, the reduction in expenditure being due to an anticipated decline in the demand for jail supplies to the Military and other Departments. Provision has generally been made for a rise in dietary charges, and the Budget estimate in the United Provinces includes an increased grant for the reformation of criminal tribes, mainly for a new settlement at Cawnpore (₹1·08 lakhs). *Budget, 1919-20.*

REVENUE.

(*a*) *Imperial.*

92. The excess of ₹4·44 lakhs in the Revised estimate for the current year as compared with the Budget occurs mainly in Port Blair owing to increased receipts from jail supplies, hire of convicts and freight on rice and coal shipped by the S. S. "Maharaja". The Budget estimate for 1919-20 closely follows the Revised for 1918-19. *Revised, 1918-19.* *Budget, 1919-20.*

(*b*) *Provincial.*

93. The increase of ₹11·32 lakhs in the revenue in the current year over the Budget estimate is mainly due to heavy supplies of jail-made articles to the Military and other Departments in Madras, the United Provinces and Bihar and Orissa. Special receipts have also accrued in the Punjab and Bombay from the supply of convict labour to arsenals, military works, etc. The Budget estimate for 1919-20 provides for a large decrease in the demands for jail-made articles from other departments, and is taken at ₹11·56 lakhs less than the Revised estimate for the current year. *Revised, 1918-19.* *Budget, 1919-20.*

XVII AND 20.—POLICE.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	12,34,883	12,62,285	13,73,134	13,99,000	14,30,000	14,05,000
2. Delhi	4,04,580	3,76,897	4,22,491	4,10,000	4,37,000	4,29,000
3. Baluchistan	5,90,234	5,91,599	6,44,656	6,98,000	6,84,000	7,08,000
4. North-West Frontier	19,32,256	22,06,427	25,71,897	28,23,000	25,53,000	27,51,000
Total	41,61,953	44,37,208	50,12,178	53,30,000	51,04,000	52,93,000
Provincial.						
1. Madras	1,10,09,898	1,14,74,811	1,17,33,361	1,20,73,000	1,20,46,000	1,36,51,000
2. Bombay	1,05,79,762	1,06,16,374	1,07,83,587	1,14,30,000	1,16,00,000	1,45,32,000
3. Bengal	1,09,03,783	1,16,57,283	1,26,13,287	1,37,85,000	1,30,45,000	1,36,21,000
4. United Provinces	1,28,01,703	1,25,18,155	1,25,49,942	1,31,86,000	1,33,33,000	1,34,91,000
5. Punjab	64,25,524	64,52,125	66,22,218	69,49,000	70,08,000	72,33,000
6. Burma	1,37,05,639	1,37,01,907	1,40,07,545	1,36,03,000	1,51,11,000	1,40,75,000
7. Bihar and Orissa	47,55,942	46,98,196	49,24,252	54,59,000	53,17,000	55,15,000
8. Central Provinces	35,88,952	34,72,855	36,33,167	37,00,000	39,19,000	37,97,000
9. Assam	23,65,730	23,33,931	23,71,725	24,82,000	40,90,000	38,38,000
Total	7,61,36,933	7,69,25,637	7,92,39,084	8,26,67,000	8,54,69,000	8,97,53,000
TOTAL INDIA . ₹	8,02,98,886	8,13,62,845	8,42,51,262	8,79,97,000	9,05,73,000	9,50,46,000
Equivalent in Sterling £	5,353,259	5,424,190	5,616,751	5,866,500	6,038,200	6,336,400
England . . £	356	...	336	100	1,400	3,500
TOTAL . £	5,353,615	5,424,190	5,617,087	5,866,600	6,039,600	6,339,900

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	23,617	26,110	21,538	22,000	23,000	23,000
2. Delhi	5,967	7,473	7,227	6,000	6,000	6,000
3. Baluchistan	20,710	23,610	21,905	23,000	20,000	20,000
4. North-West Frontier	32,279	24,450	42,934	32,000	44,000	44,000
Total	82,573	81,643	93,604	83,000	93,000	93,000
Provincial.						
1. Madras	5,06,454	5,19,980	5,40,124	5,32,000	5,33,000	5,46,000
2. Bombay	3,02,072	3,67,773	96,801	1,01,000	1,07,000	1,00,000
3. Bengal	1,90,866	1,83,633	1,87,154	1,87,000	2,54,000	2,37,000
4. United Provinces	1,01,839	98,835	1,15,082	1,13,000	1,30,000	1,42,000
5. Punjab	1,98,940	2,71,038	2,27,132	1,76,000	2,13,000	2,11,000
6. Burma	5,79,894	5,48,016	4,25,893	4,05,000	5,45,000	3,42,000
7. Bihar and Orissa	36,068	35,733	91,410	8,75,000	8,31,000	1,44,000
8. Central Provinces	26,452	43,228	39,100	26,000	20,000	18,000
9. Assam	1,22,825	1,74,880	1,82,385	97,000	1,04,000	96,000
Total	20,65,410	22,43,116	19,05,081	25,12,000	27,37,000	18,36,000
TOTAL . ₹	21,47,983	23,24,759	19,98,685	25,95,000	28,30,000	19,20,000
Equivalent in Sterling £	143,199	154,984	133,246	173,000	188,700	128,600
England . . £	...	54	...	...	...	...
TOTAL . £	143,199	155,038	133,246	173,000	188,700	128,600

EXPENDITURE.

(*a*) *Imperial* (*including outlay in England*).

94. The Revised estimate for 1918-19 is less than the Budget by R2·07 lakhs. The saving is mainly due to temporary vacancies in the executive force in the North-West Frontier Province. The Budget estimate for 1919-20 exceeds the Revised for the current year by R2·20 lakhs owing to increased provision for the executive force in the same province. *Revised, 1918-19.* *Budget, 1919-20.*

(*b*) *Provincial.*

95. The Revised estimate for the current year is expected to be more than the Budget grant by R28·02 lakhs. Expenditure amounting to R24·81 lakhs is expected in connection with the grant of compensation for high prices in several provinces, the largest provision being required in Bombay (R9·31 lakhs), the Punjab (R4·57 lakhs) and the United Provinces (R3·80 lakhs). The operations against the Kuki tribe will result in an increased outlay of R11·17 lakhs in Burma and R17·83 lakhs in Assam; but the extra expenditure will be refunded to Provincial revenues by an assignment under the transfer head as only the normal cost of the forces engaged in the operations is treated as Provincial expenditure. Part of the larger outlay due to these causes will be met from savings in ordinary expenditure following mainly on vacancies in the district executive force, and lapses in the lump allotments included in the Budget estimates in several provinces for additional police and reforms; there will also be a decrease in expenditure in Bengal owing to a transfer of grants from this head to Civil Works expenditure for the construction of police buildings. *Revised, 1918-19.*

96. The Budget estimate for 1919-20 is taken at R42·84 lakhs more than the Revised for the current year. The excess is distributed over all the provinces except Burma and the Central Provinces. The decrease in the latter province is nominal, due to provision for compensation for high prices during the next year having been entered under Miscellaneous expenditure, while the reduction in Burma occurs in the cost of the Kuki operations. Bombay and Madras show the largest increases, R29 and R16 lakhs respectively, due to an enhanced grant for compensation for high prices; the total provision for this item of expenditure in the estimates for the next year amounts to R44·18 lakhs for the provinces collectively. The Budget estimate provides for the full cost of sanctioned establishments and of the various schemes of reform already introduced. A provision of R5·10 lakhs has also been made in Bengal and the United and Central Provinces for the revised rates of pay recently sanctioned for the Imperial Police Service. Among objects for which special allotments have been made may be mentioned the re-organisation of the presidency and district police in Bombay (R9·22 lakhs), the entertainment of additional police force in Bengal (R3·55 lakhs) and increased outlay on the reclamation of criminal tribes in the Punjab (R1·20 lakhs). The outlay on the Kuki operations during the next year in excess of the normal cost of the forces employed on them is estimated at R12 lakhs. *Budget, 1919-20.*

REVENUE.

(*a*) *Imperial.*

97. The figures show little variation.

(*b*) *Provincial.*

98. The Revised estimate for 1918-19 exceeds the Budget by R2·25 lakhs, due to increased recoveries for punitive police in Burma and the Punjab and a special receipt (R57,000) in Bengal on account of compensation received from the Military Department for police launches lent. The Budget estimate for 1919-20 is less than the Revised for the current year by R9·01 lakhs; the decrease occurs in Bihar and Orissa (R6·87 lakhs) and Burma (R2·03 lakhs) where the recoveries for punitive police are specially high in the current year and provision for normal receipts has been made for 1919-20. *Revised, 1918-19.* *Budget, 1919-20.*

XVIII AND 21.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Provincial.						
1. Madras	47,020	37,017	51,371	43,000	49,000	49,000
2. Bombay	1,86,008	1,23,771	1,09,834	1,22,000	1,27,000	1,65,000
3. Bengal	13,73,063	11,15,029	11,60,185	11,12,000	12,47,000	13,31,000
4. Burma	14,86,303	16,47,384	15,65,900	16,67,000	15,98,000	16,80,000
5. Bihar and Orissa	5,114	6,071	4,545	6,000	6,000	6,000
6. Assam	61,620	65,756	61,340	64,000	71,000	63,000
TOTAL ₹	31,59,128	29,95,028	29,53,175	30,14,000	30,98,000	32,94,000
Equivalent in Sterling £	210,609	199,668	196,878	200,900	206,500	219,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Provincial.						
1. Madras	69	1,31	410	...	1,000	1,000
2. Bombay	1,31,976	1,62,135	1,65,328	2,00,000	1,71,000	2,11,000
3. Bengal	13,49,562	12,60,964	10,06,412	10,30,000	13,10,000	12,64,000
4. Burma	3,99,267	4,26,674	3,72,598	4,03,000	5,65,000	4,07,000
5. Assam	38	199	204	...	...	...
TOTAL ₹	18,80,912	18,51,285	15,44,952	16,33,000	20,47,000	18,83,000
Equivalent in Sterling £	125,394	123,419	102,997	108,900	136,500	125,500

EXPENDITURE.

Revised, 1918-19. 99. The total Revised estimate for 1918-19 exceeds the Budget by ₹84,000. An increase of ₹1·35 lakhs in Bengal owing to a grant of ₹1 lakh for the improvement of the Chittagong port and a larger payment of allowances to pilots is partly counterbalanced by a decrease in the outlay on marine stores and light-houses in Burma (₹69,000). *Budget, 1919-20.* The Budget estimate for 1919-20 is more by ₹1·96 lakhs than the Revised for the current year. Increased provision is made in Bengal and Burma for the charges of pilotage establishments and the purchase of marine stores, but there will be a partial set-off from the omission of the grant to the Chittagong port included in the Revised estimate for the current year.

REVENUE.

Revised, 1918-19. 100. The increase of ₹4·14 lakhs in the revenue in 1918-19 as compared with the Budget estimate is due to a rise in pilotage receipts in Bengal following on an improvement in sea-borne trade, and special receipts in Burma (₹1·69 lakhs) on account of compensation awarded by the Military Department for steam launches impressed for service in Mesopotamia, and in Bengal (₹58,000) *Budget, 1919-20.* from the hire of pilot vessels lent to the Military Department. The Budget estimate for 1919-20 is less than the Revised for the current year by ₹1·64 lakhs. The special receipts in the current year have been eliminated and some allowance made for an expansion in pilotage receipts.

XIX AND 22.—EDUCATION.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India, General .	7,03,183	7,38,288	7,73,473	10,88,000	8,89,000	41,39,000
2. Delhi . . .	1,92,315	1,82,753	2,04,735	2,06,000	3,12,000	2,80,000
3. Baluchistan . .	91,031	97,743	1,04,044	1,34,000	1,20,000	1,60,000
4. North-West Frontier	5,27,345	5,17,061	5,93,682	6,97,000	6,90,000	7,42,000
Total .	15,13,874	15,35,845	16,75,924	21,25,000	20,11,000	53,21,000
Provincial.						
1. Madras . . .	76,96,650	83,17,005	94,04,674	1,12,98,000	1,08,00,000	1,28,98,000
2. Bombay . .	75,29,863	76,01,881	79,95,711	1,21,42,000	1,11,91,000	1,32,06,000
3. Bengal . . .	84,83,414	76,87,152	80,92,061	1,03,01,000	85,00,000	97,86,000
4. United Provinces .	60,78,311	62,26,532	66,18,623	74,34,000	74,51,000	1,06,63,000
5. Punjab . . .	44,10,192	42,78,524	44,46,821	54,77,000	53,42,000	60,44,000
6. Burma . . .	30,44,813	30,84,334	35,22,321	41,25,000	42,35,000	41,92,000
7. Bihar and Orissa .	35,73,507	36,87,173	40,31,570	47,39,000	44,81,000	49,95,000
8. Central Provinces .	27,85,989	29,96,350	34,54,339	36,89,000	37,69,000	39,97,000
9. Assam . . .	14,13,758	14,39,231	15,04,416	18,35,000	15,96,000	20,31,000
Total .	4,50,16,497	4,53,18,182	4,90,70,536	6,10,40,000	5,73,65,000	6,78,12,000
TOTAL INDIA ₹	4,65,30,371	4,68,54,027	5,07,46,460	6,31,65,000	5,93,76,000	7,31,33,000
Equivalent in Sterling £	3,102,025	3,123,602	3,383,097	4,211,000	3,958,400	4,875,600
England . . £	9,102	9,346	11,577	10,500	14,800	13,000
TOTAL .	3,111,127	3,132,948	3,394,674	4,221,500	3,973,200	4,888,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	50,614	44,464	43,471	47,000	45,000	45,000
2. Delhi . . .	15,681	15,529	15,960	16,000	15,000	15,000
3. Baluchistan . .	18,689	17,847	18,611	19,000	19,000	19,000
4. North-West Frontier	26,796	1,51,370	24,357	25,000	23,000	35,000
TOTAL .	1,11,780	2,29,210	1,02,399	1,07,000	1,02,000	1,14,000
Provincial.						
1. Madras . . .	3,09,763	3,54,148	3,54,894	4,28,000	3,79,000	5,20,000
2. Bombay . .	7,94,273	5,73,245	9,50,494	6,26,000	6,00,000	5,98,000
3. Bengal . . .	8,86,574	9,47,392	9,51,950	9,79,000	9,89,000	10,29,000
4. United Provinces .	6,47,761	6,50,893	6,72,579	7,37,000	6,76,000	7,59,000
5. Punjab . . .	4,91,073	5,22,373	5,25,067	5,40,000	5,24,000	5,46,000
6. Burma . . .	3,65,991	3,65,741	3,73,535	3,68,000	3,83,000	3,85,000
7. Bihar and Orissa .	3,70,930	3,55,634	3,70,917	3,80,000	3,76,000	3,85,000
8. Central Provinces .	2,60,617	2,71,297	2,86,989	3,00,000	3,00,000	3,14,000
9. Assam . . .	1,86,780	2,04,236	2,13,246	2,27,000	2,27,000	2,17,000
TOTAL .	43,13,762	42,44,959	46,99,671	45,85,000	44,54,000	47,53,000
TOTAL INDIA ₹	44,25,542	44,74,169	48,02,070	46,92,000	45,56,000	48,67,000
Equivalent in Sterling £	295,036	298,278	320,138	312,800	303,700	324,500

EXPENDITURE.

(*a*) *Imperial—India and England.*

Revised, 1918-19.

101. The Revised estimate for 1918-19 is less than the Budget by ₹49,000. A nominal saving of ₹1·04 lakhs due to allotments to Provincial Governments for non-recurring outlay out of the reserve provision of ₹2·77 lakhs entered in the Budget will be partly set off by larger expenditure in England owing to an extension of the period of deputation of the members of the Calcutta University Commission.

102. The reserve of ₹2·77 lakhs provided in the Budget for 1918-19 out of the recurring appropriation of ₹184 lakhs made from Imperial revenues up to the end of the current year for the improvement of education (exclusive of the grant of ₹30 lakhs for technical and agricultural education referred to below) will be utilised as follows :—

	Lakhs of ₹.
(*i*) Assigned to Provincial Governments for non-recurring expenditure	1·04
(*ii*) Allotted to minor administrations, etc., for—	
(*a*) recurring expenditure	·25
(*b*) non-recurring expenditure	·79
(*iii*) Balance which is likely to be allotted to definite objects before the close of the year	·69
Total	2·77

The grant of ₹30 lakhs for technical and agricultural education for which an additional allotment was sanctioned after the Budget estimates were finally settled, has been assigned in full to Provincial Governments for non-recurring outlay during the course of the year—*vide* paragraph 227.

Budget, 1919-20.

103. The Budget estimate for 1919-20 exceeds the Revised for the current year by ₹32·83 lakhs, the increase being mainly due to provision under this head for the recurring grant of ₹30 lakhs for technical and agricultural education pending its allotment to definite objects; and a reserve of ₹3·07 lakhs.

104. Of the special appropriation of ₹214 lakhs (including the previous grants aggregating ₹184 lakhs referred to in paragraph 102 above and the grant of ₹30 lakhs for technical and agricultural education), ₹172·65 lakhs have already been distributed among the various provinces, etc., to meet recurring expenditure. The balance of ₹41·35 lakhs has been allotted as follows in the Budget estimate of the ensuing year :—

	Lakhs of ₹.
(*i*) Assigned to Provincial Governments for non-recurring expenditure	·38
(*ii*) Allotted to minor administrations	7·90
(*iii*) Lump provision for technical and agricultural education	30·00
(*iv*) Reserve	3·07
Total	41·35

(*b*) *Provincial.*

Revised, 1918-19.

105. The total expenditure in 1918-19 is expected to be ₹36·75 lakhs less than the Budget estimate. The latter included special allotments under this head, aggregating about ₹1,75 lakhs, from the recurring and non-recurring assignments made from Imperial revenues in recent years for the development and improvement of education. These allotments are expected to be utilised to the extent of about ₹1,64 lakhs, ₹1,58 lakhs of the expenditure being recorded under Education, and the balance under Civil Works. Under the former head, there is thus a decrease of ₹17 lakhs as compared with the Budget provision in the outlay from special Imperial grants; and the expenditure from

other provincial resources will accordingly fall short of the corresponding Budget provision by about ₹20 lakhs. This decrease is chiefly due to lapses in ordinary grants in Bengal, Bombay, Bihar and Orissa and Madras, partly counterbalanced by increased expenditure in the United Provinces. The lapse would have been higher but for outlay on compensation for high prices (₹4·69 lakhs) and a grant to the Khalsa College, Amritsar (₹3 lakhs).

106. The Budget estimate for 1919-20 exceeds the Revised for the current year by ₹1,04·47 lakhs. The expenditure in 1919-20 from the previous Imperial assignments will be about ₹45 lakhs more than in 1918-19, the provision made in the Budget under Education amounting to ₹2,03 lakhs against a probable outlay of ₹1,58 lakhs in the current year. The provision in the Budget for 1919-20 for expenditure from ordinary provincial resources is thus about ₹60 lakhs more than in the Revised of the current year. The increase is distributed over almost all the provinces, but is largest in Madras (₹19¼ lakhs), Bombay (₹18½ lakhs) and the United Provinces (₹14 lakhs). The estimates include provision for an expansion of the expenditure on education in various directions, chiefly by grants to schools. Special allotments have been made in Madras of (*i*) ₹6·35 lakhs for grants to local bodies for buildings for secondary and elementary schools, (*ii*) ₹2 lakhs for the equipment of secondary schools and (*iii*) ₹1 lakh for University buildings; in Bombay of ₹1 lakh each for (*i*) the equipment of the Royal Institute of Science, (*ii*) the opening of new Government High Schools and (*iii*) the Karnatak College building and hostel; ₹3 lakhs in Bengal for University reforms to carry out the recommendations of the Calcutta University Commission; and ₹4 lakhs in the Punjab for grants to local bodies for vernacular school buildings and vernacular education. *Budget, 1919-20.*

107. The following table shows the progress made by the Provincial Governments in utilising the various non-recurring grants given from Imperial revenues in recent years. To simplify the position, it has been assumed that the whole of the recurring grants for any year are fully utilised before any expenditure is debited against the non-recurring grants. The *minus* figure shown against some provinces in 1918-19 indicates that they will not spend their recurring grants in full during that year.

[In lakhs of Rupees.]

Province.	Grants to end of 1919-20.	Expenditure.					Unspent balance on 31st March 1920.
		To end of 1917-18.	In 1918-19 (Revised) recorded under		In 1919-20 (Budget) recorded under		
			Education.	Other heads.	Education.	Other heads.	
1. Madras . .	65 96	52·48	·99	1·89	2·19	3·15	5·26
2. Bombay . .	58·81	17·48	3·27	·42	4·82	...	32·82
3. Bengal . .	1,49·34	34·91	—11·23	...	2·37	1·95	1,21·34
4. United Provinces .	72·32	46·69	...	4·67	16·68	4·28	...
5. Punjab . .	41·89	37·75	·56	·50	1·83	·50	·75
6. Burma . . .	34·25	16·17	...	·28	...	...	17·80
7. Bihar and Orissa .	42·34	13·59	—1·11	...	1·15	2·25	26·46
8. Central Provinces .	23·95	19·83	·52	...	·47	...	3·13
9. Assam . .	16·00	11·09	—1·11	...	1·03	·31	4·68
Total .	5,04·86	2,49·99	—8·11	7·76	30·54	12·44	2,12·24

Provincial Governments have been authorised to draw to a moderate extent upon their accumulated balances during the next year for such important purposes as the extension of education, etc., expenditure on which has been specially hampered by war economies. The effect of these orders is reflected in the increased provision made in almost all the Provinces for

educational expenditure out of the unspent balances of Imperial grants as well as from ordinary Provincial resources during the ensuing year.

REVENUE.

(*a*) *Imperial.*

108. The figures show little variation.

(*b*) *Provincial.*

Revised, 1918-19.

Budget, 1919-20.

109. The Revised estimate for 1918-19 falls short of the Budget by R1·31 lakhs owing mainly to the postponement till the next year of the transfer of certain secondary schools to Government for which provision was made in the Budget. There are also minor decreases in the income from fees in several provinces owing to the prevalence of the influenza epidemic. The Budget estimate for 1919-20 is more than the Revised for the current year by R2·99 lakhs. Provision has been made for fees from private and local fund schools to be taken over under Government management during the next year in Madras, the United Provinces and the Central Provinces and from new secondary colleges to be opened in the Punjab.

23.—ECCLESIASTICAL.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	1,72,073	1,71,081	1,72,913	1,74,000	1,63,000	1,69,000
2. Delhi . . .	17,890	14,617	16,047	20,000	17,000	19,000
3. Baluchistan . .	25,075	25,820	24,523	24,000	25,000	25,000
4. North-West Frontier	52,088	53,955	61,316	65,000	68,000	75,000
5. Madras . .	3,50,120	3,27,254	3,54,978	3,55,000	3,59,000	3,77,000
6. Bombay . .	3,17,201	3,61,023	3,75,670	3,83,000	3,83,000	3,92,000
7. Bengal . . .	1,89,362	1,70,542	1,81,113	1,72,000	1,93,000	1,98,000
8. United Provinces .	2,87,932	2,46,495	2,40,029	2,56,000	2,73,000	2,93,000
9. Punjab . .	2,61,357	2,44,868	2,61,785	2,80,000	2,84,000	2,85,000
10. Burma . . .	1,41,366	1,45,878	1,35,100	1,46,000	1,28,000	1,48,000
11. Bihar and Orissa .	34,893	34,451	39,215	39,000	42,000	43,000
12. Central Provinces .	91,913	1,10,532	1,03,088	1,10,000	1,25,000	1,31,000
13. Assam . . .	22,586	18,843	20,051	24,000	26,000	28,000
TOTAL INDIA ₹	19,63,856	19,25,359	19,85,828	20,48,000	20,86,000	21,83,000
Equivalent in Sterling £	130,924	128,357	132,389	136,500	139,100	145,500
England . . . £	122	180	281	300	800	900
TOTAL £	131,046	128,537	132,670	136,800	139,900	146,400

110. The increases of ₹46,000 in the Revised estimate for the current year as compared with the Budget and of ₹98,000 in the Budget for the next year as compared with the Revised for the current year are due to the gradual return of chaplains from military duty.

XXA AND 24A.—MEDICAL.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	6,70,402	7,19,326	7,79,668	7,65,000	8,09,000	8,08,000
2. Delhi	1,68,155	1,83,659	2,06,698	2,47,000	2,54,000	2,64,000
3. Baluchistan	1,00,281	93,697	1,00,037	1,38,000	99,000	1,73,000
4. North-West Frontier	1,31,622	1,82,796	1,52,872	1,92,000	1,51,000	2,31,000
Total	10,70,460	11,79,478	12,39,275	13,42,000	13,13,000	14,76,000
Provincial.						
1. Madras	16,76,622	17,99,320	21,72,444	26,34,000	25,95,000	36,67,000
2. Bombay	18,12,721	19,17,471	20,34,113	22,91,000	24,16,000	36,17,000
3. Bengal	22,83,740	23,36,330	28,04,071	26,86,000	26,67,000	27,69,000
4. United Provinces	13,56,449	13,61,327	13,92,604	14,14,000	15,51,000	17,92,000
5. Punjab	12,41,347	8,03,440	9,25,806	11,57,000	11,11,000	17,84,000
6. Burma	17,51,522	16,71,842	16,94,198	17,34,000	18,41,000	19,25,000
7. Bihar and Orissa	6,37,591	6,62,846	7,60,221	8,11,000	8,99,000	10,04,000
8. Central Provinces	6,94,816	7,13,854	8,66,858	9,24,000	8,44,000	10,34,000
9. Assam	5,61,057	5,26,400	5,44,054	5,49,000	5,35,000	5,91,000
Total	1,20,15,865	1,17,92,830	1,31,94,369	1,42,00,000	1,44,59,000	1,81,83,000
TOTAL INDIA ₹	1,30,86,325	1,29,72,308	1,44,33,644	1,55,42,000	1,57,72,000	1,96,59,000
Equivalent in Sterling £	872,422	864,820	962,243	1,036,100	1,051,500	1,310,600
England £	1,328	946	553	800	14,100	37,500
TOTAL £	873,750	865,766	962,796	1,036,900	1,065,600	1,348,100

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	6,164	6,938	12,340	6,000	12,000	11,000
2. Delhi	2,593	1,241	4,808	1,000	4,000	4,000
3. Baluchistan	264	26	75	...	...	...
4. North-West Frontier	1,339	726	895	1,000	1,000	1,000
TOTAL	10,360	8,931	18,118	8,000	17,000	16,000
Provincial.						
1. Madras	1,27,918	1,42,059	1,57,224	2,35,000	2,90,000	2,71,000
2. Bombay	3,29,612	4,20,308	4,59,843	4,80,000	4,70,000	4,61,000
3. Bengal	3,59,574	3,73,618	4,00,834	4,05,000	4,05,000	3,96,000
4. United Provinces	1,29,942	95,135	1,12,291	97,000	97,000	1,04,000
5. Punjab	39,960	39,224	44,675	42,000	75,000	75,000
6. Burma	1,01,547	1,22,585	1,26,975	1,25,000	1,38,000	1,41,000
7. Bihar and Orissa	28,872	40,268	47,486	49,000	72,000	84,000
8. Central Provinces	14,234	7,960	8,733	8,000	10,000	10,000
9. Assam	8,272	6,499	13,338	9,000	10,000	10,000
TOTAL	11,39,931	12,47,656	13,71,399	14,50,000	15,67,000	15,52,000
TOTAL INDIA ₹	11,50,291	12,56,587	13,89,517	14,58,000	15,84,000	15,68,000
Equivalent in Sterling £	76,686	83,772	92,634	97,200	105,600	104,500
England £	562	356	292	300	300	300
TOTAL £	77,248	84,128	92,926	97,500	105,900	104,800

EXPENDITURE.

(*a*) *Imperial* (*India and England*).

111. The Revised estimate for the current year does not differ materially from the Budget. The Budget for 1919-20 provides for an increased expenditure on hospitals and dispensaries in the North-West Frontier Province, for the construction of new hospitals in Baluchistan and larger outlay on stores in England, owing partly to an increased purchase in order to replenish stocks depleted during the war and partly to the transfer to this head in the Budget for the next year of some expenditure for which provision has been included under Scientific and miscellaneous departments in the Revised estimate for 1918-19.

Revised, 1918-19.

Budget, 1919-20.

(*b*) *Provincial.*

112. The expenditure in 1918-19 is expected to be more than the Budget by R2·59 lakhs. The increases occur in Bombay (R1·25 lakhs) due to the grant of compensation for high prices, in the United Provinces (R1·37 lakhs) owing to additional expenditure on diet and clothing, and in Burma (R1·07 lakhs) and Bihar and Orissa (R88,000) on account of larger grants to hospitals. The excess will be partly counterbalanced by minor savings in the other provinces.

Revised, 1918-19.

113. The Budget estimate for 1919-20 is taken at R37·24 lakhs more than the Revised for the current year. The increase is distributed over all the provinces. Provision has been made for the return of officers from military duty and for normal charges generally; for increased expenditure in connection with the transfer of district headquarter hospitals to Government management (R5·60 lakhs) and grants to local bodies for medical buildings in Madras (R3 lakhs); for a special expenditure of R9·38 lakhs from the surplus excise revenue and for the establishment of a school of tropical medicine in connection with the King Edward Memorial Hospital in Bombay (R1 lakh); for increased emoluments for officers of the Indian Medical Service in Bengal (R1·50 lakhs); for the revision of pay of sub-assistant surgeons in the United Provinces (R1·13 lakhs); for the improvement of hospitals in the Central Provinces (R2 lakhs); and for the transfer of the medical school from Lahore to Amritsar (R1·34 lakhs), acquisition of land for, and construction of a maternity block at, the Punjab medical school for women, Ludhiana (R1·40 lakhs), and various minor measures in the Punjab including the establishment of canal and itinerating dispensaries.

Budget, 1919-20.

REVENUE.

(*a*) *Imperial.*

114. The figures show little variation.

(*b*) *Provincial.*

115. The increase of R1·17 lakhs in the Revised for the current year over the Budget arises from larger receipts from college fees and paying patients in several provinces and from the refund of contributions made to district boards in previous years in Madras. The Budget estimate for 1919-20 closely follows the Revised for the current year.

Revised, 1918-19

Budget, 1919-20.

XXB AND 24B.—SANITATION.

EXPENDITURE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19. Budget.	1918-19. Revised.	Budget, 1919-20.
Imperial.						
1. India General	5,65,050	6,40,852	5,46,512	16,85,000	9,46,000	22,78,000
2. Delhi	1,13,058	2,71,741	2,06,361	70,000	94,000	1,31,000
3. Baluchistan	10,677	11,652	13,637	11,000	11,000	11,000
4. North-West Frontier	2,59,711	2,21,002	2,25,120	1,57,000	1,52,000	2,17,000
Total	9,48,496	11,45,247	9,91,630	19,23,000	12,03,000	26,37,000
Provincial.						
1. Madras	33,51,417	17,04,832	16,42,576	14,38,000	14,70,000	24,35,000
2. Bombay	5,73,767	4,61,198	7,83,445	24,74,000	15,89,000	23,10,000
3. Bengal	4,15,035	3,93,456	4,69,180	11,71,000	9,04,000	18,66,000
4. United Provinces	14,31,461	13,73,996	22,45,546	15,84,000	19,33,000	20,71,000
5. Punjab	7,24,833	8,08,780	9,81,300	8,18,000	7,79,000	10,64,000
6. Burma	9,37,463	9,03,407	8,10,417	9,15,000	8,96,000	9,31,000
7. Bihar and Orissa	3,27,032	2,54,466	2,41,857	5,42,000	3,79,000	5,89,000
8. Central Provinces	5,36,972	5,90,997	7,77,524	6,31,000	8,49,000	6,21,000
9. Assam	1,06,657	1,42,872	1,74,713	2,12,000	3,09,000	3,67,000
Total	84,04,637	66,34,004	81,26,558	97,85,000	91,08,000	1,22,54,000
TOTAL INDIA ₹	93,53,133	77,79,251	91,18,188	1,17,08,000	1,03,11,000	1,48,91,000
Equivalent in Sterling £	623,542	518,617	607,879	780,500	687,400	992,700
England £	1,744	1,681	1,263	1,500	1,500	1,500
Total	625,286	520,298	609,142	782,000	688,900	994,200

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	29,665	1,00,087	2,31,978	1,50,000	1,50,000	1,67,000
2. North-West Frontier	5,310	...	...	...	...	...
TOTAL	34,975	1,00,087	2,31,978	1,50,000	1,50,000	1,67,000
Provincial.						
1. Madras	10,834	17,485	15,525	14,000	47,000	15,000
2. Bombay	12,927	20,075	8,057	16,000	16,000	19,000
3. Bengal	660	83,937	12,322	18,000	8,000	10,000
4. United Provinces	80,666	40,938	41,719	30,000	48,000	33,000
5. Punjab	37,853	1,16,022	1,26,843	96,000	1,36,000	1,09,000
6. Burma	20,411	21,474	11,562	20,000	11,000	13,000
7. Bihar and Orissa	2,967	13,527	16,864	16,000	14,000	16,000
8. Central Provinces	20,579	31,553	31,419	40,000	39,000	40,000
9. Assam	18,983	29,902	33,968	40,000	75,000	74,000
TOTAL	2,05,880	3,74,913	2,98,279	2,90,000	3,94,000	3,29,000
TOTAL INDIA ₹	2,40,855	4,75,000	5,30,257	4,40,000	5,44,000	4,96,000
Equivalent in sterling £	16,057	31,667	35,351	29,300	36,200	33,100

EXPENDITURE.

(*a*) *Imperial* (*India and England*).

116. The Revised estimate for 1918-19 is less than the Budget by ₹7·20 lakhs. The decrease is nominal, being due to the allotment of ₹1·50 lakhs for the Dhar housing scheme in Simla, the expenditure on which will be recorded under "45—Civil Works," and to the assignment to Provincial Governments of ₹6 lakhs, out of the reserve of ₹8·08 lakhs for sanitary expenditure provision for which was included in the Imperial section in the Budget estimate. *Revised, 1918-19.*

117. The reserve of ₹8·08 lakhs provided in the Budget for 1918-19 out of the recurring appropriation of ₹51 lakhs from Imperial revenues for the improvement of sanitation will be utilised as shown below :—

[Lakhs of rupees.]

(*i*) Assigned to Provincial Governments for non-recurring outlay as follows :—		
(*a*) to the United Provinces for the improvement of the pilgrim route to Badrinath and Kedarnath	1·00	
(*b*) for the improvement of pilgrim centres in Madras (1·50) and Bombay, the United Provinces and Bihar and Orissa (1·00 each)	4·50	
(*c*) to Madras for anti-malarial work	·50	
		6·00
(*ii*) Allotted to minor administrations for non-recurring sanitary outlay		·54
(*iii*) Transferred to "45.—Civil Works—Imperial" for the Dhar housing scheme, Simla		1·50
(*iv*) Unallotted balance which will be utilised before the close of the year		·04
TOTAL		8·08

118. The Budget estimate for 1919-20 exceeds the Revised for the current year by ₹14·34 lakhs. Provision has been made for the cost of sanctioned establishments and for increased grants to local bodies for sanitary purposes in Delhi and the North-West Frontier Province; for a contribution of ₹5 lakhs to form the nucleus of a new Public Health Fund; and for a reserve of ₹8·17 lakhs. *Budget, 1919-20.*

119. Out of the special appropriation of ₹51 lakhs referred to in paragraph 117, ₹37·83 lakhs have been assigned permanently to Provincial Governments or allotted for outlay in minor administrations. From the balance of ₹13·17 lakhs, ₹5 lakhs will be paid in 1919-20 to the Indian Research Fund; and ₹8·17 lakhs will be held in reserve to meet demands that may come forward during the ensuing year.

(*b*) *Provincial.*

120. The Revised estimate for 1918-19 is less than the Budget by ₹6·77 lakhs. The latter included special allotments aggregating about ₹43 lakhs for outlay from recurring and non-recurring grants made from Imperial revenues for the development of sanitation. The corresponding expenditure is now estimated at ₹47 lakhs inclusive of expenditure from the assignments made during the current year as stated in paragraph 117. Of this amount, ₹38 lakhs only are recorded under Sanitation, the balance being shown under Civil Works. It is therefore expected that the provision for expenditure from ordinary provincial resources will fall short of Budget anticipations by ₹1½ lakhs. An increased outlay in connection with epidemics during the year has been set off by savings under other items. *Revised, 1918-19.*

121. The Budget estimate for 1919-20 exceeds the Revised for the current year by ₹31·46 lakhs. The provision under Sanitation for expenditure from special Imperial grants amounts to about ₹54 lakhs against a probable expenditure of ₹38 lakhs in the current year. Provision has generally been made *Budget, 1919-20.*

for the full cost of sanctioned establishments as well as for a considerable expansion of outlay on sanitary schemes in several provinces, the Central Provinces being the only province which provides for a material decrease in the total expenditure. Provision has been made in Madras for a grant of R5 lakhs to the City Corporation for water-supply and drainage schemes and in the Punjab for a grant of R2 lakhs towards the Simla Improvement scheme; for special grants to local bodies for sanitary purposes in Bombay (R16·37 lakhs), Madras (R8 lakhs) and the United Provinces (R5 lakhs); and for investigations into the hookworm disease and river pollution (R1 lakh) and schemes of sanitary improvement and anti-malarial works (R13·70 lakhs) in Bengal.

122. The following table shows the progress made by the Provincial Governments in utilising the various non-recurring grants made from Imperial revenues in recent years (beginning from 1911-12) in aid of Sanitation. To simplify the position, it has been assumed that the recurring grants are fully utilised before any expenditure is debited against the non-recurring grants; and the *minus* figure in 1917-18 against some of the provinces indicates that the recurring grants will not be spent in full during the year.

[In lakhs of rupees.]

Province.	Grants to end of 1919-20.	Expenditure.					Unspent balance on 31st March 1920.
		To end of 1917-18.	In 1918-19 (Revised) recorded under		In 1919-20 (Budget) recorded under		
			Sanitation.	Other heads.	Sanitation.	Other heads.	
Madras . . .	41·25	39·25	2·00	...	...	...	...
Bombay . . .	39·70	9·77	— ·68	...	1·00	...	29·61
Bengal . . .	41·55	4·07	·40	2·15	9·95	...	24·98
United Provinces .	55·20	38·31	2·50	...	5·00	...	9·39
Punjab . . .	31·84	21·51	...	...	...	...	10·33
Burma . . .	21·50	11·88	...	...	...	·79	8·83
Bihar and Orissa .	18·82	10·64	...	3·12	·25	...	4·81
Central Provinces .	17·10	12·81	1·10	·06	1·12	...	2·01
Assam . . .	6·96	6·57	—·29	...	...	·59	·09
Total .	2,73·92	1,54·81	5·03	5·33	17·32	1·38	90·05

No material expenditure from the special grants is expected in the current year. In the ensuing year only Bengal and the United Provinces expect to utilise the unspent balances of the non-recurring grants to any appreciable extent.

Revenue.

(*a*) *Imperial.*

123. The figures show little variation.

(*b*) *Provincial.*

Revised, 1918-19. 124. The increase of R1·04 lakhs in the Revised estimate for the current year as compared with the Budget is the result of minor improvements in several provinces. The Budget for 1919-20 provides for normal receipts.

Budget, 1919-20.

25—POLITICAL.

	Accounts, 1915-16.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General . .	76,84,254	83,08,451	1,90,89,273	2,69,38,000	3,88,04,000	1,40,08,000
2. Delhi . . .	1,236	880	1,735	1,000	1,000	1,000
3. Baluchistan . .	25,32,825	31,91,018	28,29,574	29,21,000	29,36,000	31,19,000
4. North-West Frontier .	33,77,482	37,09,366	46,50,458	47,85,000	48,40,000	49,11,000
5. Punjab . . .	6,22,022	6,15,273	5,91,287	5,84,000	6,95,000	5,91,000
6. Other Provinces .	7,54,390	6,42,728	8,26,321	7,65,000	7,97,000	7,90,000
TOTAL .	1,49,72,209	1,64,67,716	2,79,88,648	3,59,94,000	4,80,73,000	2,34,20,000
Provincial.						
1. Madras . . .	85,757	91,967	89,292	89,000	91,000	92,000
2. Bombay . . .	5,02,820	5,01,663	5,36,978	5,28,000	5,63,000	5,55,000
3. Bengal . . .	23,187	89,380	2,79,727	2,99,000	2,88,000	2,70,000
4. United Provinces .	4,264	5,790	7,690	12,000	24,000	78,000
5. Burma . . .	11,89,489	10,94,813	12,24,963	15,94,000	12,75,000	16,13,000
6. Bihar and Orissa .	39,687	48,925	59,228	54,000	55,000	78,000
7. Central Provinces .	30,422	37,605	33,100	45,000	39,000	40,000
8. Assam . . .	5,68,221	5,67,560	5,32,735	6,07,000	5,45,000	3,98,000
TOTAL .	24,43,847	24,37,703	27,63,713	32,28,000	28,80,000	31,24,000
TOTAL INDIA . R	1,74,16,056	1,89,05,419	3,07,52,361	3,92,22,000	5,09,53,000	2,65,44,000
Equivalent in Sterling £	1,161,070	1,260,361	2,050,157	2,614,800	3,396,800	1,769,600
England . . . £	6,957	22,082	42,112	17,900	21,700	14,200
TOTAL . £	1,168,027	1,282,443	2,092,269	2,632,700	3,418,500	1,783,800

125. The Imperial outlay shown against "Other Provinces" consists of the charges of the Political Residency at Aden and certain other expenditure—mainly in connection with political refugees and state prisoners—in several provinces.

(*a*) *Imperial—India and England.*

Revised, 1918-19.

126. The expenditure in 1918-19 is likely to exceed the Budget estimate by R1,21·36 lakhs. The latter included a provision of R1,12·50 lakhs for the moiety chargeable to Indian revenues of the cost of the South Persia Rifles, and the Indian share is now estimated at R1,60 lakhs. There will also be an excess of R75·05 lakhs under other political payments in Persia and on the fronties arising from the war. On the other hand, the charges on diplomatic and consular services in Persia will be less by R2·61 lakhs than anticipated in the Budget, and there will be a further decrease due to the transfer to the Army head of certain charges for which Budget provision was included under this head; but these savings will be absorbed by excesses under other items.

Budget, 1919-20.

127. The total Budget for 1919-20 is less than the Revised for the current year by R2,47·65 lakhs. A very substantial decrease is thus anticipated in the political expenditure necessitated by war conditions. The Indian share of the cost of the South Persia Rifles during the next year is estimated at R37·50 lakhs, and of special political expenditure in Persia at R37 lakhs.

(*b*) *Provincial.*

Revised, 1918-19.

128. The saving of R3·48 lakhs in the Revised estimate for the current year as compared with the Budget occurs in the special expenditure in connection with the administration and proper control of the North-East Frontier, mainly in Burma. The Budget estimate for 1919-20 is R2·44 lakhs more than the Revised for the current year. Normal provision has been made in Burma for the above item of expenditure, but there is a nominal decrease in Assam owing to the inclusion under Police in the Budget for the next year of provision for part of the expenditure shown under this head in the Revised estimate for 1918-19.

Budget, 1919-20.

XXI A. AND 26 A.—AGRICULTURE.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	7,71,720	8,33,341	10,74,147	10,10,000	10,71,000	11,70,000
2. Delhi	10,705	10,861	14,572	12,000	14,000	13,000
3. Baluchistan	36,672	25,764	35,100	47,000	41,000	52,000
4. North-West Frontier	80,060	61,623	70,017	1,44,000	90,000	1,38,000
5. Other Provinces	27,189	...	...	...	...	...
TOTAL	9,26,346	9,31,589	11,93,836	12,13,000	12,16,000	13,73,000
Provincial.						
1. Madras	11,21,167	12,00,524	12,87,441	15,68,000	15,65,000	20,97,000
2. Bombay	12,06,261	12,60,166	14,63,350	16,89,000	17,00,000	22,85,000
3. Bengal	11,39,162	10,86,600	11,71,522	14,20,000	15,34,000	17,48,000
4. United Provinces	12,74,821	11,90,354	14,48,422	19,40,000	17,66,000	19,28,000
5. Punjab	11,82,849	12,41,220	13,62,967	18,54,000	17,60,000	26,87,000
6. Burma	6,03,974	6,35,179	7,52,034	7,52,000	7,33,000	8,08,000
7. Bihar and Orissa	4,73,647	4,52,239	6,01,247	7,06,000	7,05,000	7,58,000
8. Central Provinces	7,81,288	8,34,255	8,81,386	10,17,000	9,65,000	10,68,000
9. Assam	2,33,082	2,82,892	3,32,134	3,81,000	3,34,000	4,32,000
TOTAL	80,16,251	81,83,429	93,00,503	1,13,27,000	1,10,62,000	1,38,11,000
TOTAL INDIA . R	89,42,597	91,15,018	1,04,94,339	1,25,40,000	1,22,78,000	1,51,84,000
Equivalent in Sterling £	596,173	607,668	699,623	836,000	818,500	1,012,200
England . . . £	1,328	3,947	2,510	6,800	6,400	5,400
TOTAL . £	597,501	611,615	702,133	842,800	824,900	1,017,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	1,55,342	1,77,036	2,72,508	3,28,000	2,74,000	2,77,000
2. Baluchistan	2,260	4,252	4,673	4,000	3,000	4,000
3. North-West Frontier	2,450	772	8,042	11,000	11,000	11,000
TOTAL	1,60,052	1,82,060	2,85,223	3,43,000	2,88,000	2,92,000
Provincial.						
1. Madras	1,70,924	1,98,249	1,88,771	1,99,000	2,31,000	3,74,000
2. Bombay	1,52,129	1,78,517	2,27,901	1,90,000	2,40,000	2,08,000
3. Bengal	1,01,156	1,16,197	1,21,456	1,55,000	1,47,000	1,85,000
4. United Provinces	1,98,213	2,42,510	2,73,357	2,55,000	2,45,000	2,89,000
5. Punjab	2,27,457	2,50,080	3,31,638	6,74,000	6,30,000	7,93,000
6. Burma	16,026	24,733	17,798	19,000	19,000	20,000
7. Bihar and Orissa	25,674	31,486	34,326	70,000	70,000	60,000
8. Central Provinces	1,10,759	1,27,160	1,37,539	1,40,000	1,52,000	1,64,000
9. Assam	14,582	15,669	38,778	89,000	16,000	91,000
TOTAL	10,16,920	11,84,611	13,71,564	17,91,000	17,50,000	21,84,000
TOTAL INDIA . R	11,76,972	13,66,671	16,56,787	21,34,000	20,38,000	24,76,000
Equivalent in sterling £	78,465	91,111	110,452	142,300	135,900	165,100

EXPENDITURE.

(*a*) *Imperial* (*India and England*).

129. The Revised estimate for 1918-19 is about the same as the Budget. A lapse in the North-West Frontier Province in the provision for outlay from the wheat profits and in the grant for the creation of a separate Civil Veterinary Department will be set off by an excess in the charges of the Imperial Bacteriologist. The Budget for 1919-20 is more than the Revised for the current year by R1·42 lakhs. The grants which have lapsed in the North-West Frontier Province in the current year have been repeated for the next year, and provision has been made for a sugar bureau and for increased expenditure in other directions under the control of the Agricultural Adviser to the Government of India.

Revised, 1918-19.

Budget, 1919-20.

(*b*) *Provincial.*

130. The total Revised estimate for 1918-19 is less than the Budget by R2·65 lakhs. There will be lapses of R2·31 lakhs in the United Provinces and the Punjab from the allotments made from wheat profits, and a transfer to the Public Works head in the Central Provinces will account for a further decrease of R54,000. On the other hand, the Budget grant will be exceeded in Bengal (R1·14 lakhs) owing to expenditure on the distribution of improved paddy and jute seeds and from the Imperial grant made for agricultural education in the current year. The Budget estimate for 1919-20 exceeds the Revised for the current year by R27·49 lakhs. Increased allotments have been made in all the provinces for the expansion of the operations of the agricultural and allied departments. The Budget includes R4·49 lakhs for expenditure in the Punjab from the unspent balance of the wheat profits and R2·56 lakhs for the Bara reclamation experiment in the Lower Bari Doab Colony; and R9·16 lakhs for outlay on agricultural education, mainly in the United Provinces, Bombay and the Punjab, from Imperial grants made in the current year.

Revised, 1918-19.

Budget, 1919-20.

REVENUE.

(*a*) *Imperial.*

131. The shortage of R55,000 in the Revised for the current year as compared with the Budget occurs mainly in the receipts of the Veterinary Department. The Budget for 1919-20 does not differ materially from the Revised for the current year.

Revised, 1918-19.

Budget, 1919-20.

(*b*) *Provincial.*

132. The Revised estimate for the current year is less than the Budget by R41,000. Decreases in Assam due to the postponement of the opening of a sugarcane farm and in the Punjab in the sale-proceeds of seeds are partly set off by minor increases in other provinces. The Budget for 1919-20 exceeds the Revised for the current year by R4·34 lakhs due to increased receipts from the sale of seeds in the Punjab, the departmental sale of manure in Madras and the opening of a sugarcane farm in Assam.

Revised, 1918-19.

Budget, 1919-20.

XXI B AND 26 B.—SCIENTIFIC AND MISCELLANEOUS DEPARTMENTS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	38,85,573	34,89,886	40,95,714	37,81,000	41,39,000	41,31,000
2. Delhi	2,775	3,659	3,908	1,000	4,000	1,000
3. Baluchistan	10,024	12,507	12,347	25,000	19,000	34,000
4. North-West Frontier	8,479	16,052	11,478	11,000	12,000	12,000
5. Other Provinces	36,620	35,899	34,766	37,000	39,000	43,000
TOTAL	39,43,471	35,57,953	41,58,213	38,55,000	42,13,000	42,21,000
Provincial.						
1. Madras	10,27,401	12,28,215	13,77,863	17,77,000	17,09,000	22,93,000
2. Bombay	1,52,064	1,64,418	2,83,654	3,63,000	4,48,000	9,30,000
3. Bengal	4,47,690	4,69,606	5,55,255	19,60,000	22,09,000	10,68,000
4. United Provinces	1,11,509	1,13,013	1,52,149	1,01,000	2,05,000	2,03,000
5. Punjab	1,39,277	1,48,452	1,39,951	1,57,000	1,71,000	2,07,000
6. Burma	73,712	99,953	92,008	1,01,000	1,09,000	1,12,000
7. Bihar and Orissa	21,634	28,732	41,067	32,000	82,000	1,06,000
8. Central Provinces	79,172	93,969	1,55,593	1,93,000	2,41,000	3,52,000
9. Assam	87,599	77,020	84,237	89,000	82,000	95,000
TOTAL	21,40,058	24,23,378	28,81,777	47,73,000	52,56,000	53,66,000
TOTAL INDIA ₹	60,83,529	59,81,331	70,39,990	86,28,000	94,69,000	95,87,000
Equivalent in Sterling £	405,568	398,756	469,333	575,200	631,300	639,100
England (mainly stores) £	26,490	40,424	43,367	57,300	44,300	29,900
TOTAL £	432,058	439,180	512,700	632,500	675,600	669,000

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	1,17,564	1,09,082	1,09,129	1,09,000	2,02,000	1,03,000
2. Delhi	938	2,384	6,019	5,000	5,000	5,000
3. Baluchistan	8	24	145	...	...	...
4. North-West Frontier	135	468	155	...	...	...
TOTAL	1,18,645	1,11,958	1,15,448	1,14,000	2,07,000	1,08,000
Provincial.						
1. Madras	11,13,461	13,85,311	18,71,495	17,21,000	17,88,000	19,56,000
2. Bombay	36,465	38,875	1,47,847	1,28,000	1,18,000	1,22,000
3. Bengal	6,04,849	12,60,469	26,35,397	19,09,000	18,80,000	10,82,000
4. United Provinces	22,119	21,645	23,059	21,000	26,000	22,000
5. Punjab	27,245	30,676	28,985	34,000	30,000	32,000
6. Burma	3,993	29,912	4,507	6,000	8,000	7,000
7. Bihar and Orissa	2,874	1,443	1,067	2,000	1,000	1,000
8. Central Provinces	26,608	24,792	34,699	30,000	40,000	40,000
9. Assam	11,409	17,966	9,245	3,000	8,000	7,000
TOTAL	18,49,023	28,11,089	47,56,301	38,54,000	38,99,000	32,69,000
TOTAL INDIA ₹	19,67,668	29,23,047	48,71,749	39,68,000	41,06,000	33,77,000
Equivalent in Sterling £	131,178	194,870	324,783	264,500	273,700	225,100
England £	557	678	638	1,000	1,000	900
TOTAL £	131,735	195,548	325,421	265,500	274,700	226,000

Details of expenditure shown against "Imperial" in the preceding table.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
(a) Scientific—						
i. Survey of India .	21,73,009	18,13,854	22,74,499	19,80,000	21,19,000	19,84,000
ii. Geological Survey	2,40,809	1,73,234	2,30,072	2,36,000	2,62,000	2,63,000
iii. Meteorological Survey . .	4,32,342	4,31,307	4,15,858	4,22,000	4,14,000	4,38,000
iv. Archæological Survey . .	3,09,368	3,17,591	3,42,928	3,06,000	3,48,000	3,26,000
v. Zoological Survey	...	46,480	98,343	1,00,000	1,02,000	1,06,000
vi. Central Museum .	1,34,001	93,010	43,590	46,000	46,000	46,000
vii. Other items .	67,723	70,676	77,786	80,000	86,000	78,000
(b) Labour and Emigration—						
Emigration and other charges .	21,123	17,178	20,209	19,000	11,000	11,000
(c) Statistics—						
i. Bureau of Commercial Intelligence, and other charges . .	1,92,508	1,98,551	2,06,394	1,94,000	2,08,000	2,15,000
ii. Census . .	2,007	2,121	2,439	2,000	2,000	22,000
(d) Miscellaneous—						
i. Imperial Library	45,723	45,639	59,572	46,000	49,000	57,000
ii. Examinations .	45,782	47,602	48,339	50,000	51,000	48,000
iii. Chief Inspector of Explosives .	87,808	82,777	80,238	85,000	85,000	80,000
iv. Inspector of Mines	1,25,498	1,23,471	1,29,984	1,40,000	1,25,000	1,27,000
v. Controller of Patents . .	36,462	40,384	39,101	42,000	40,000	41,000
vi. Actuary to Government of India .	22,315	24,519	23,666	25,000	30,000	30,000
vii. Wheat Commissioner . .	...	...	...	73,000*	76,000	50,000
viii. Foodstuffs Commissioner . .	...	...	...	...	42,000	94,000
ix. Controller of Cotton Cloth .	...	...	...	...	43,000	90,000
x. Indian War Memorial .	...	...	...	...	48,000	44,000
xi. Other items .	6,993	29,559	65,195	9,000	26,000	71,000
TOTAL R	39,43,471	35,57,953	41,58,213	38,55,000	42,13,000	42,21,000

* The charges for 1917-18 are included under Other items.

133. The figures of expenditure shown against "Other Provinces" in the table on the preceding page represent outlay incurred in the several provinces in connection with ethnographical survey and census operations, as well as the cost of the Archæological Department in Burma.

EXPENDITURE.

(a) *Imperial—India and England.*

Revised, 1918-19.

134. The total expenditure in 1918-19 will exceed the Budget by R1·63 lakhs. The increase is due to the charges of the Directors of Civil Supplies in minor administrations, the Foodstuffs Commissioner and the Controller of Cotton Cloth for India (R1·04 lakhs), higher expenditure on the Survey of India (R1·39 lakhs) owing to a large purchase of tools and materials for the Mathematical Instrument Office, and minor increases under other items, partly set off by a smaller outlay on stores in England (R1·95 lakhs). The decrease of R2·08 lakhs in the Budget for 1919-20, as compared with the Revised for the current year, results from a smaller provision for the purchase of stores in England and a

Budget, 1919-20

decrease in that for the charges of the Survey of India; the former is nominal and arises from the transfer to Medical of part of the cost of stores included under this head in the Revised estimate for 1918-19. The Budget includes a grant of R2·34 lakhs for the Directors of Civil Supplies in minor administrations, the Foodstuffs Commissioner and the Controller of Cotton Cloth.

(*b*) *Provincial.*

Revised, 1918-19.

135. The total Revised estimate for 1918-19 will exceed the Budget grant by R4·83 lakhs. The increase is distributed over all provinces except Madras and Assam, and is due to the charges of the Directors of Civil Supplies in the several provinces (R3·72 lakhs), and a larger payment for the purchase of Java quinine to replenish stocks in Bengal (R3·35 lakhs), partly counterbalanced by a smaller expenditure on the purchase of cinchona bark in Madras and minor savings under other items in several provinces.

Budget, 1919-20.

The Budget estimate for 1919-20 is taken at R1·10 lakhs more than the Revised for the current year. Allowing for a reduced provision for the purchase of Java quinine in Bengal, the Budget provides for an increased expenditure of over R16 lakhs. Provision has been made for the charges of the Directors of Civil Supplies in some provinces, and for a larger outlay on soap making experiments in Madras (R2·50 lakhs) and on the development of industries generally in several provinces. The aggregate provision for the latter object during the next year amounts to R26½ lakhs against an anticipated expenditure of R13½ lakhs in the current year.

Revenue.

(*a*) *Imperial.*

Revised, 1918-19.

Budget, 1919-20.

136. The Revised estimate for the current year includes some special receipts in the Survey of India. The Budget for 1919-20 provides for normal receipts.

(*b*) *Provincial.*

Revised, 1918-19.

Budget, 1919-20.

137. The increase of R45,000 in the Revised estimate for the current year as compared with the Budget is due mainly to the sale-proceeds of the pencil factory in Madras. The Budget for 1919-20 is R6·30 lakhs less than the Revised for the current year. A decline in Bengal (R7·98 lakhs) due to a fall in the demand for sulphate of quinine from the Military Department will be partly counterbalanced by increased receipts in Madras from the Government soap factory.

27.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920
				Budget.	Revised.	
Imperial.						
1. India General .	1,01,560	1,04,826	1,09,792	1,16,000	1,14,000	1,08,000
2. Delhi . . .	47,698	45,462	45,090	45,000	45,000	49,000
3. Baluchistan . .	36,768	40,038	36,500	42,000	47,000	38,000
4. North-West Frontier	57,670	59,933	41,313	61,000	85,000	60,000
5. Madras . . .	3,09,757	3,08,126	2,90,101	2,90,000	2,81,000	2,82,000
6. Bombay . .	4,71,049	4,64,510	4,35,993	4,60,000	4,60,000	4,59,000
7. Bengal . .	7,21,388	7,25,551	7,12,113	7,20,000	7,15,000	7,12,000
8. United Provinces .	7,70,124	7,89,285	7,35,697	7,82,000	7,28,000	7,84,000
9. Punjab . . .	2,24,463	70,686	69,061	71,000	70,000	70,000
10. Burma . .	1,31,916	1,23,034	1,22,079	1,27,000	1,30,000	1,63,000
11. Bihar and Orissa .	69,803	47,415	73,749	53,000	57,000	53,000
12. Central Provinces .	1,78,338	1,74,837	1,69,039	1,77,000	1,73,000	1,76,000
13. Assam . . .	7,343	7,570	7,124	8,000	8,000	8,000
TOTAL INDIA . ₹	31,27,877	29,61,273	28,47,651	29,52,000	29,13,000	29,62,000
Equivalent in Sterling £	208,525	197,418	189,843	196,800	194,200	197,500
England . £	10,550	10,550	10,430	10,600	—7,600	3,400
TOTAL . £	219,075	207,968	200,273	207,400	186,600	200,900

138. The variations in the estimates of payments in India are unimportant. The receipt in England in the Revised estimate for the current year arises from adjustments consequent on the death of a political pensioner who was drawing his pension in England. The reduced provision for payments in 1919-20 is due to the same cause.

28.—CIVIL FURLOUGH AND ABSENTEE ALLOWANCES.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Imperial.						
India . . . R	11,692	22,642	29,427	20,000	57,000	35,000
Equivalent in Sterling £	780	1,509	1,962	1,300	3,800	2,300
England . . £	235,054	251,007	180,502	194,000	142,000	300,000
TOTAL . £	235,834	252,516	182,464	195,300	145,800	302,300

139. Almost the whole of the expenditure recorded under this head is incurred in England. Leave allowances of officers paid in India are charged to the same head as their salaries, and the small sums shown against India represent leave allowances of officers lent to Foreign States, etc.

Revised, 1918-19. 140. The Revised estimate for 1918-19 is less than the Budget by £49,500 owing to the number of officers on leave out of India being less than anticipated.

Budget, 1919-20. The Budget estimate for 1919-20 provides for an increase in payments as owing to the termination of hostilities a larger number of officers will be absent on leave out of India during the next year.

XXII AND 29.—SUPERANNUATION.

EXPENDITURE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19. Budget.	1918-19. Revised.	Budget, 1919-20.
Imperial.						
1. India General	12,24,674	12,48,756	12,89,369	12,52,000	13,43,000	13,35,000
2. Delhi	1,96,313	2,05,131	2,26,072	2,04,000	2,22,000	2,23,000
3. Baluchistan	32,778	35,870	34,268	39,000	35,000	34,000
4. North-West Frontier	1,76,011	1,76,962	1,80,022	1,95,000	1,98,000	2,06,000
5. Other Provinces	99,598	94,401	1,21,184	98,000	1,76,000	1,49,000
TOTAL	17,29,374	17,61,120	18,50,915	17,88,000	19,74,000	19,47,000
Provincial.						
1. Madras	33,08,215	33,22,796	33,32,808	35,65,000	35,98,000	37,00,000
2. Bombay	38,59,390	39,32,784	41,19,102	43,10,000	43,85,000	45,43,000
3. Bengal	31,41,809	33,01,098	33,75,972	35,30,000	34,78,000	35,47,000
4. United Provinces	35,97,913	37,47,233	38,61,053	40,16,000	39,32,000	41,37,000
5. Punjab	23,15,418	24,24,463	25,78,163	27,20,000	26,04,000	27,11,000
6. Burma	10,97,040	11,42,758	12,02,207	12,86,000	14,49,000	14,62,000
7. Bihar and Orissa	10,02,672	10,08,155	9,91,821	10,06,000	10,33,000	10,55,000
8. Central Provinces	9,61,856	10,30,669	11,14,168	11,43,000	11,10,000	11,45,000
9. Assam	3,35,677	3,41,042	3,22,740	3,45,000	3,39,000	3,54,000
TOTAL	1,96,19,990	2,02,50,998	2,08,98,034	2,19,21,000	2,19,28,000	2,26,54,000
TOTAL INDIA ₹	2,13,49,364	2,20,12,118	2,27,48,949	2,37,09,000	2,39,02,000	2,46,01,000
Equivalent in Sterling £	1,423,291	1,467,475	1,516,597	1,580,600	1,593,500	1,640,100
England £	2,046,992	2,008,225	1,968,596	1,991,000	1,967,000	1,978,000
TOTAL £	3,470,283	3,475,700	3,485,193	3,571,600	3,560,500	3,618,100

REVENUE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19. Budget.	1918-19. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	3,55,112	3,91,438	3,48,186	3,63,000	4,35,000	3,73,000
2. Delhi	3,756	3,645	2,604	4,000	5,000	5,000
3. Baluchistan	5,458	4,798	7,585	8,000	8,000	7,000
4. North-West Frontier	20,089	26,956	26,182	28,000	26,000	26,000
5. Other Provinces	10,52,668	10,30,325	10,49,345	10,72,000	9,57,000	10,41,000
TOTAL	14,37,083	14,57,162	14,33,904	14,75,000	14,31,000	14,52,000
Provincial.						
1. Madras	1,21,255	1,26,996	1,25,990	1,20,000	2,04,000	1,47,000
2. Bombay	4,53,041	4,59,312	4,79,686	4,68,000	5,20,000	5,20,000
3. Bengal	54,583	59,011	57,369	56,000	60,000	58,000
4. United Provinces	98,638	1,06,055	1,06,633	1,00,000	1,01,000	1,02,000
5. Punjab	1,01,870	89,572	86,359	90,000	85,000	85,000
6. Burma	23,692	23,704	23,885	24,000	20,000	24,000
7. Bihar and Orissa	31,716	40,058	45,138	46,000	51,000	48,000
8. Central Provinces	2,27,244	2,32,931	2,55,024	2,60,000	2,85,000	2,96,000
9. Assam	6,232	5,877	4,741	6,000	4,000	5,000
TOTAL	11,18,271	11,43,516	11,84,825	11,70,000	13,30,000	12,85,000
TOTAL INDIA ₹	25,55,354	26,00,678	26,18,729	26,45,000	27,61,000	27,37,000
Equivalent in Sterling £	170,357	173,379	174,582	176,300	184,000	182,500
England £	43,570	46,486	38,074	38,100	39,600	41,400
TOTAL £	213,927	219,865	212,656	214,400	223,600	223,900

141. The figures of Imperial revenue shown against "Other Provinces" represent the receipts of certain abolished funds, the assets and liabilities of which were taken over by the Government, as well as the subscriptions paid by members of the Indian Civil Service for securing certain pensionary benefits for their families. The charges on account of such pensions as well as of the pensions of the abolished funds are recorded in the accounts as Imperial expenditure.

EXPENDITURE.

(*a*) *Imperial—India and England.*

Revised, 1918-19. 142. The expenditure in the current year will be less than the Budget by R1·74 lakhs, a decrease in England in the pensions of retired officers of the uncovenanted service and in civil service annuities being partly set off by an increase mainly in ordinary payments in India. The Budget estimate for 1919-20 does not differ materially from the Revised for the current year.

Budget, 1919-20.

(*b*) *Provincial.*

Revised, 1918-19. 143. The Revised estimate for 1918-19 does not differ materially from the Budget, a rise in payments in Burma, Bombay, Madras and Bihar and Orissa,—due in the first named province to a special commutation payment,—being set off by lapses in other provinces. The Budget estimate for 1919-20 provides for the normal growth of the retired list.

Budget, 1919-20.

REVENUE.

(*a*) *Imperial.*

144. The variations are unimportant. The Revised estimate for the current year and the Budget for the next year include special receipts of R96,000 and R32,000 on account of capitalised value, recoverable from the revenues of the occupied territories in Mesopotamia, in respect of pensions granted to the families of officers who were lent from India and have died in consequence of service in Mesopotamia. The increase in the Revised estimate is more than set off by the lower rate of subscriptions towards the Indian Civil Service family pensions in consequence of the rise in the exchange value of the rupee.

(*b*) *Provincial.*

145. The only variation of importance occurs in Madras where the Revised estimate for the current year includes a special receipt of R75,000 on account of contributions from local bodies on behalf of civil assistant surgeons in their employ.

XXIII AND 30.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. Central Stationery Office	2,46,159	2,58,897	2,75,817	2,63,000	3,02,000	3,04,000
2. Stationery purchased for Central stores.	42,46,143	54,16,264	86,06,211	76,40,000	98,78,000	78,64,000
3. Government Presses (mainly Calcutta, Simla and Delhi)	19,74,654	21,05,774	22,53,829	22,74,000	26,64,000	26,92,000
4. Other charges	8,771	7,257	4,646	8,000	19,000	8,000
5. *Deduct*—Value of supplies to Local Governments and Administrations and to Postal and Telegraph Department, etc.	—49,78,824	—50,71,168	—66,07,505	—63,86,000	—72,41,000	—71,81,000
6. Delhi	16,173	14,167	14,168	16,000	14,000	16,000
7. Baluchistan	1,518	1,792	815	3,000	2,000	3,000
8. North-West Frontier	1,08,548	1,19,722	1,07,436	1,35,000	1,07,000	1,38,000
TOTAL	16,23,142	28,52,705	46,55,417	39,53,000	57,45,000	38,44,000
Provincial.						
1. Madras	14,84,731	12,91,963	14,42,990	14,63,000	14,16,000	14,84,000
2. Bombay	12,43,301	14,71,781	14,36,227	17,22,000	19,48,000	19,87,000
3. Bengal	13,01,451	12,91,585	13,73,722	14,38,000	14,73,000	14,93,000
4. United Provinces	9,89,632	9,10,169	8,60,949	10,50,000	9,89,000	9,16,000
5. Punjab	7,64,981	7,02,966	7,10,322	8,15,000	7,90,000	8,96,000
6. Burma	6,89,804	6,75 068	6,29,532	8,41,000	8,22,000	9,06,000
7. Bihar and Orissa	6,58,811	6,59,629	6,98,350	7,73,000	6,93,000	6,68,000
8. Central Provinces	3,70,289	3,37,940	4,03,803	4,13,000	4,22,000	3,90,000
9. Assam	1,78,528	1,64,963	1,49,484	1,83,000	1,63,000	1,85,000
TOTAL	76,81,528	75,06,064	77,05,379	86,98,000	87,16,000	89,25,000
TOTAL INDIA ₹	93,04,670	1,03,58,769	1,23,60,796	1,26,51,000	1,44,61,000	1,27,69,000
Equivalent in Sterling £	620,311	690,584	824,053	843,400	964,100	851,300
England { Stores £	103,703	109,933	119,580	97,000	115,000	125,000
England { Other charges £	7,030	6,521	8,572	11,500	10,200	13,300
TOTAL £	731,044	807,038	952,205	951,900	1,089,300	989,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General	4,35,460	4,39,243	3,66,379	3,82,000	5,86,000	4,90,000
2. Delhi	4,937	2,804	10,789	8,000	8,000	10,000
3. Baluchistan	363	144	823	...	...	...
4. North-West Frontier	17,730	23,759	13,882	29,000	13,000	13,000
5. Other Provinces	1,06,617	1,48,612	99,052	1,66,000	1,30,000	1,47,000
TOTAL	5,65,107	6,14,562	4,90,925	5,85,000	7,37,000	6,60,000
Provincial.						
1. Madras	1,24,084	1,23,057	1,68,068	1,25,000	1,55,000	1,42,000
2. Bombay	1,32,827	1,47,989	1,96,409	1,70,000	2,00,000	2,00,000
3. Bengal	1,33,395	1,49,799	1,40,097	1,22,000	1,42,000	1,49,000
4. United Provinces	1,61,901	1,57,624	1,69,672	1,67,000	1,72,000	1,71,000
5. Punjab	81,573	1,13,076	1,00,493	93,000	90,000	92,000
6. Burma	48,153	46,962	51,949	50,000	54,000	54,000
7. Bihar and Orissa	21,895	26,913	39,292	27,000	38,000	38,000
8. Central Provinces	62,554	55,990	49,243	52,000	57,000	57,000
9. Assam	5,511	4,534	4,593	5,000	5,000	5,000
TOTAL	7,71,893	8,25,944	9,19,816	8,11,000	9,13,000	9,08,000
TOTAL INDIA ₹	13,37,000	14,40,506	14,10,741	13,96,000	16,50,000	15,68,000
Equivalent in Sterling £	89,134	96,034	94,049	93,100	110,000	104,500

EXPENDITURE.

(*a*) *Imperial—India and England.*

Revised, 1918-19.

146. The total Imperial expenditure in 1918-19, exclusive of the charges of the commercial departments, is likely to exceed the Budget provision by ₹20·42 lakhs. The rise is due mainly to a larger purchase of stationery to meet an increased demand and higher prices and an excess in the outlay on the Government presses following on additional printing work. Part of the excess arises also from the postponement to the current year of payments which were expected to be made in 1917-18 for stores purchased in England.

Budget, 1919-20.

The Budget estimate for 1919-20 provides for a reduction of the expenditure on stationery.

(*b*) *Provincial.*

Revised, 1918-19.

147. The Revised estimate for 1918-19 does not differ materially from the Budget, an increase of about ₹3 lakhs in the cost of stationery supplied from central stores being counterbalanced by a saving in other expenditure, mainly the cost of Government presses.

Budget, 1919-20.

The Budget estimate for 1919-20 provides for sanctioned establishments and for about the same outlay on stationery as in the current year.

REVENUE.

148. The Imperial revenue shown against "Other Provinces" represents recovery of the value of stationery supplied to railways and to municipalities and other local bodies. The Revised estimate of Imperial revenue for 1918-19 includes a special receipt for supplies of stationery to the Indian Munitions Board. The figures do not otherwise show any important variation.

XXIV AND 31.—EXCHANGE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19,		Budget, 1919-20.
				Budget.	Revised.	
Revenue . . ₹	11,13,815	16,70,564	4,71,77,799	...	6,60,00,000	1,60,00,000
Equivalent in Sterling £	74,254	111,371	3,145,186	...	4,400,000	1,066,700
Expenditure . . ₹	...	...	...	...	...	...
Equivalent in Sterling £	...	...	...	...	...	...

149. This head normally records the comparatively small sums which have to be brought to account owing to the fact that the remittances from India to England by means of Council bills and transfers, and the remittances in the opposite direction by sterling bills and transfers, are not effected exactly at the rate of 16 pence to the rupee. It may be mentioned that any gain derived from remittances on account of the Gold Standard Reserve is credited to the Reserve and not to general revenues.

150. The exchange value of the rupee rose to 1*s.* 5*d.* in the middle of 1917-18 and further to 1*s.* 6*d.* in the middle of April 1918, council drafts being sold by the Secretary of State from the 11th April 1918 at 1*s.* 6*d.* per rupee in the case of immediate telegraphic transfers and 1*s.* $5\frac{29}{32}d.$ in the case of deferred transfers and bills. As stated in paragraph 7 above, His Majesty's Government agreed in March 1918 to repayment at 1*s.* 5*d.* per rupee of rupee disbursements incurred on their behalf in India in so far as they related to *quasi*-commercial supplies. In consequence of the further rise in exchange in April 1918, the agreement of the British treasury was subsequently obtained to the application of the 1*s.* 6*d.* rate from the 1st July 1918 to recoveries of disbursements in respect of *quasi*-commercial supplies, and from 1st October 1918 to recoveries of all disbursements in India on behalf of His Majesty's Government including payments to *personnel.* The current rates of exchange are also applied to recoveries in respect of funds supplied in India on behalf of Colonial Governments, to postal and money order transactions with countries having a sterling exchange and some other miscellaneous remittances between India and England. The profit derived from these causes will be set off to some extent by the actual loss sustained on the coinage of rupees by reason of high silver prices and by the loss on sales of reverse drafts on London since November 1918 at the rate of 1*s.* $5\frac{3}{32}d.$ per rupee in the case of immediate transfers and 1*s.* $6\frac{1}{32}d.$ in the case of deferreds.

It may be explained that the gain or loss exhibited in the Government of India accounts in respect of the above transactions is exhibited in this way merely because of the fact that these accounts are framed on the basis of a 1*s.* 4*d.* rupee. The real effect of higher rates of exchange on the Government of India's position is that it enables them to discharge their sterling liabilities with a smaller number of rupees; this would be apparent if the accounts were prepared on a rupee basis, the sterling transactions being converted into rupees at the average rate at which remittances were effected throughout the year.

151. The following statement shows the details of the net receipts from exchange anticipated in the current and next years :—

(In lakhs of rupees.)

	Revised, 1918-19.	Budget, 1919-20.
(*i*) Gain on sales of Council Bills . . .	2,77	85
(*ii*) Gain on recoveries from His Majesty's Government of disbursements in India on their behalf	9,60	6,72
(*iii*) Gain in respect of postal and money order transactions	73	42
(*iv*) Gain on other remittance transactions . .	61	17
TOTAL .	13,71	8,16
(*v*) *Deduct*—loss on coinage	—6,16	—6,56
(*vi*) „ —loss on sales of sterling drafts . .	—95	...
Net gain .	6,60	1,60

The reduction in the gain on exchange in the Budget estimates for 1919-20 in the case of items (*i*) to (*iv*) follows on the lower estimates adopted for the remittances from which the profit is derived. Thus the war disbursements in India on behalf of His Majesty's Government are expected to amount in the ensuing year to £35·8 millions only against £72·7 millions in the current year. The Budget estimate in the case of Council Bills represents the gain on the estimated drawings of the year, *viz.*, £12¼ millions, after allowing for the effect of the guarantee which was given to the six British Exchange Banks, in connection with their undertaking to provide preferential finance for exports of national importance, to sell them Councils at certain favourable rates within one year after the war in order to enable them to bring back funds to India to the extent to which they were compelled to overbuy in that connection.

XXV AND 32.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919..		Budget, 1919-1920.
				Budget.	Revised.	
Imperial.						
1. Remittance charges, mainly in connection with movements of Government funds . .	4,76,511	8,64,201	17,82,899	7,46,000	10,59,000	9,15,000
2. Special Commissions of enquiry . .	81,815	3,02,976	3,78,096	1,61,000	6,64,000	60,000
3. Charges arising out of the War adjusted in the Civil Department.	9,61,419	17,65,720	7,69,105	7,28,000	8,73,000	5,27,000
4. Other charges:						
(*a*) in Delhi . .	42,081	63,041	61,627	1,07,000	61,000	1,04,000
(*b*) in the N.-W. Frontier Province	68,803	40,978	40,661	54,000	74,000	51,000
(*c*) elsewhere . .	5,55,300	7,65,777	16,58,538	8,96,000	16,03,000	14,20,000
Total .	21,85,929	38,02,693	46,90,926	26,92,000	43,34,000	30,77,000
Provincial.						
1. Madras . . .	4,72,977	4,29,201	5,53,060	13,81,000	5,25,000	16,00,000
2. Bombay . . .	7,84,861	4,51,138	4,86,872	7,36,000	8,34,000	11,13,000
3. Bengal . . .	6,38,467	2,47,836	3,24,679	9,14,000	7,96,000	9,34,000
4. United Provinces .	3,31,528	2,35,345	1,96,703	12,31,000	7,03,000	29,32,000
5. Punjab . . .	3,66,504	5,26,596	15,19,738	20,94,000	20,29,000	24,72,000
6. Burma . . .	5,00,527	4,93,191	4,36,406	4,88,000	5,03,000	4,98,000
7. Bihar and Orissa .	1,32,347	1,35,589	1,84,277	2,56,000	2,02,000	5,56,000
8. Central Provinces .	1,55,930	1,31,932	1,94,873	4,57,000	2,52,000	13,27,000
9. Assam . . .	5,22,429	5,16,300	4,40,341	5,10,000	4,46,000	5,20,000
Total .	39,05,570	31,67,128	43,36,949	80,67,000	62,90,000	1,19,52,000
TOTAL INDIA . ₹	60,91,499	69,69,821	90,27,875	1,07,59,000	1,06,24,000	1,50,29,000
Equivalent in Sterling £	406,100	464,655	601,858	717,300	708,200	1,001,900
England . . £	66,339	206,395	496,714	28,000	567,000	26,300
TOTAL £	472,439	671,050	1,098,572	745,300	1,275,200	1,028,200

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Imperial.						
(*a*) Freight tax . .	...	...	1,00,36,189	1,00,01,000	1,07,20,000	1,12,32,000
(*b*) Other receipts—						
1. India General .	5,03,774	7,83,302	37,76,627	5,93,000	17,57,000	9,50,000
2. Delhi . . .	39,675	3,45,231	47,835	1,04,000	48,000	1,07,000
3. Baluchistan .	5,507	7,292	13,269	5,000	12,000	6,000
4. North-West Frontier	1,46,320	1,58,418	1,60,456	1,54,000	1,35,000	1,51,000
5. Other Provinces .	7,11,401	17,02,425	13,37,872	6,98,000	13,04,000	6,92,000
TOTAL .	14,06,677	29,96,668	1,53,72,248	1,15,55,000	1,39,76,000	1,31,38,000
Provincial.						
1. Madras . . .	3,59,256	3,43,096	2,02,380	3,12,000	2,56,000	2,64,000
2. Bombay . .	1,22,590	2,42,862	2,55,030	1,31,000	2,96,000	2,16,000
3. Bengal . . .	5,65,208	7,51,242	5,65,563	6,81,000	9,53,000	6,99,000
4. United Provinces .	4,61,010	4,59,889	4,78,846	4,77,000	5,07,000	4,88,000
5. Punjab . . .	4,29,630	5,29,774	7,07,862	6,38,000	7,43,000	7,43,000
6. Burma . . .	1,70,546	1,00,464	1,21,156	91,000	1,07,000	1,02,000
7. Bihar and Orissa .	3,12,385	3,07,033	3,37,192	2,73,000	3,25,000	3,00,000
8. Central Provinces .	2,18,586	2,48,788	2,34,362	2,15,000	2,27,000	1,93,000
9. Assam . . .	43,674	54,311	21,831	45,000	43,000	36,000
TOTAL .	27,82,885	30,37,459	29,24,222	28,63,000	34,57,000	30,41,000
TOTAL INDIA . ₹	41,89,562	60,34,127	1,82,96,470	1,44,18,000	1,74,33,000	1,61,79,000
Equivalent in Sterling £	279,304	402,275	1,219,765	961,200	1,162,200	1,078,600
England . . £	22,869	17,985	196,700	26,500	28,500	83,700
TOTAL . £	302,173	420,260	1,416,465	987,700	1,190,700	1,162,300

152. Charges in connection with the remittance of Government treasure are Imperial in all provinces; so is the discount paid, or the premium levied, in connection with the sale of bills at treasuries and currency offices to facilitate trade remittances of funds. Extraordinary items of revenue realised, or of expenditure incurrred, under this head in the various provinces are also treated as Imperial, if they exceed ₹10,000 in amount. The proceeds of the freight tax on goods traffic by railways and inland steam vessels imposed in March 1917 are shown under Miscellaneous as Imperial receipts.

EXPENDITURE.

(*a*) *India—Imperial.*

Revised, 1918-19.

153. The Revised estimate for 1918-19 exceeds the Budget by ₹16·42 lakhs. The payment to the Mysore Durbar in respect of surplus revenues of the Bangalore Assigned Tract is expected to be more than the Budget by ₹4·61 lakhs. An expenditure of ₹6·64 lakhs will be incurred on special commissions of enquiry, *viz.*, the Industrial Commission, the Calcutta University Commission, the Sedition Committee, and the Reforms Committees against a Budget provision of ₹1·61 lakhs. Charges for the remittance of treasure will show a rise of ₹3·13 lakhs owing to the low level at which the Government's reserve of rupees stood throughout the year, and the increased movements of coin thereby necessitated. Miscellaneous items of expenditure connected indirectly with the war will cause an excess of ₹1·45 lakhs over the Budget, while an outlay of ₹2 lakhs will be entailed in connection with the war boards constituted after the Delhi Conference of April 1918. On the other hand, the bulk of the reserve provision of ₹1·17 lakhs for grain compensation allowance and unforeseen charges in Baluchistan and Delhi, which was provided in the Budget under Miscellaneous, has been appropriated to meet sanctioned outlay under other heads of account.

Budget, 1919-20.

154. The Budget estimate for 1919-20 provides for some reduction in the charges for remittance of treasure; for miscellaneous expenditure resulting from the war likely to be incurred in the ensuing year, mainly for the maintenance of aliens and refugees; for a small outlay on the commissions of enquiry mentioned in the preceding paragraph and ₹10,000 for a committee or industrial banking; and for normal expenditure on other items. A reserve provision of ₹50,000 has been entered in Delhi for unforeseen requirements, and one of ₹71,000 in Baluchistan for grain compensation allowance.

(*b*) *India—Provincial.*

Revised, 1918-19.

155. The Revised estimate for 1918-19 is less than the Budget by ₹17·77 lakhs. The decrease is mainly due to the record under other heads of account of most of the expenditure incurred against the lump grants for grain compensation allowance, and against the various other reserves which were included in the Budget estimates of several provinces under Miscellaneous. On the other hand, the constitution of war boards in the various provinces has entailed an extra expenditure of ₹10 lakhs, and there have been special charges in Bengal for the write-off of loans (₹3·55 lakhs) and in the Punjab (₹2 lakhs) on account of a grant to the Imperial Relief Fund for cheap grain shops and in connection with the celebration of the cessation of hostilities.

Budget, 1919-20.

156. The Budget estimate for 1919-20 provides generally for normal charges and for the usual reserves for unforeseen expenditure in most provinces. In Bengal, the Central Provinces and the United Provinces, lump allotments have again been made for grain compensation charges, and in the last province also for other indirect famine expenditure (₹14 lakhs) and for expenditure that may fall on provincial revenues in connection with the sale of standard cloth (₹5 lakhs). Special allotments of ₹1·40 lakhs and ₹1·20 lakhs respectively have been made in the same province for raising the pay of menials and the continuance of the war journal, ₹1 lakh in the Punjab for a grant for cheap grain shops, ₹3 lakhs in Bihar and Orissa for special allowances to low paid Government servants other than menials, and ₹5·50 lakhs in the Central Provinces for a special war allowance.

(*c*) *England.*

157. The increase in the Revised estimate of the current year as compared with the Budget represents mainly the value of stores lost on the voyage between England and India. The Budget estimate for 1919-20 provides for normal expenditure. *Revised, 1918-19.* *Budget, 1919-20.*

REVENUE.

(*a*) *India—Imperial.*

158. The Revised estimate for 1918-19 exceeds the Budget by ₹24·21 lakhs. The proceeds of the freight tax will be higher by ₹7·19 lakhs, and there will be a special receipt of ₹11·87 lakhs from requisitioned liners employed as Government cargo ships. Increases are also anticipated in the proceeds from the sale of town sites in the Punjab, and in the receipts from the sales of bills owing to an increased demand for remittances of funds. The Budget estimate for 1919-20 excludes the special receipts in connection with cargo ships in the current year, but provides for a growth of ₹5·12 lakhs in the proceeds of the freight-tax and for a larger credit from percentage on Europe stores imported for provincial and local funds. *Revised, 1918-19.* *Budget, 1919-20.*

(*b*) *India—Provincial.*

159. The total revenue in 1918-19 is likely to exceed the Budget estimate by ₹5·94 lakhs. There has been a special receipt of ₹3 lakhs in Bengal from the sale of a police hospital; the balance of the increase occurs in the credits to revenue on account of unclaimed deposits in Bombay and in the receipts from the copying agency scheme in the Punjab. The Budget estimate for 1919-20 provides generally for normal receipts. *Revised, 1918-19.* *Budget, 1919-20.*

(*c*) *England.*

160. The Revised estimate for 1918-19 does not differ materially from the Budget. The increase in the Budget estimate for 1919-20 as compared with the Revised for the current year is due mainly to a recovery of £50,000 anticipated in respect of stores lost in 1917. *Revised, 1918-19.* *Budget, 1919-20.*

33 TO 36.—FAMINE RELIEF AND INSURANCE.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19. Budget.	1918-19. Revised.	Budget, 1919-20.
INDIA.						
Famine Relief { Imperial	9,61,881	21,11,427	42,476	4,54,000	77,07,000	1,62,05,000
Famine Relief { Provincial	1,58,539	7,02,827	14,000	1,52,000	24,57,000	53,31,000
Construction of Protective Railways	—2,896	—7,146	—299	—8,000	—5,000	...
Construction of Protective Irrigation Works	74,19,436	49,87,016	51,44,401	59,41,000	47,95,000	52,88,000
Reduction or Avoidance of Debt	63,79,580	71,88,879	97,77,096	83,02,000	31,000	...
TOTAL INDIA ₹	1,49,16,540	1,49,83,003	1,49,77,674	1,48,41,000	1,49,85,000	2,68,24,000
Equivalent in Sterling £	994,436	998,867	998,511	989,400	999,000	1,788,300
ENGLAND.						
Construction of Protective Irrigation Works £	5,564	1,133	1,489	10,600	1,000	800
TOTAL INDIA AND ENGLAND £	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,789,100

161. Owing to the failure of the monsoon, outlay on measures for famine relief is anticipated to the extent of ₹1,01·64 lakhs in the current year and ₹2,15·36 lakhs in 1919-20. The following table shows the distribution of the estimated expenditure by provinces :—

(In lakhs of rupees.)

	Revised, 1918-19.	Budget, 1919-20.
Madras	·75	2·00
Bombay	70·00	60·00
Bengal	...	2·00
United Provinces	20·00	89·90
Punjab	3·00	4·00
Bihar and Orissa	1·00	16·00
Central Provinces	3·50	39·30
Minor Administrations	3·39	2·16
Total	1,01·64	2,15·36

One-quarter of the outlay in the major provinces will fall on Provincial Governments, the balance being borne by Imperial revenues. The expenditure in the Punjab relates to concessions granted for the carriage of fodder.

Revised, 1918-19.

162. The amount available for famine insurance in 1918-19 accordingly amounts to ₹48·36 lakhs, of which ₹48·05 lakhs will be spent on protective works and ₹31,000 will be appropriated for the reduction or avoidance of debt.

Budget, 1919-20.

163. The outlay on famine relief in 1919-20 will, as stated above, amount to ₹2,15·36 lakhs and a grant of ₹53 lakhs is required for the construction of protective works. There will thus be an excess of ₹1,18·36 lakhs over the normal grant of ₹1,50 lakhs for famine relief and insurance, and no allotment can be made for the reduction or avoidance of debt.

Construction of Protective Railways.

164. The small *minus* figure entered in the Revised estimate for 1918-19 represents the excess in the sale-proceeds of surplus stores of the Dharmapuri-Hosur extension of the Morappur-Dharmapuri Railway over the outlay during the year.

Construction of Protective Irrigation Works.

165. In the Budget estimate for 1918-19 an allotment of ₹61 lakhs was made for outlay on Protective Irrigation works, the whole amount being met from the Famine Insurance grant. The probable expenditure according to the Revised estimate will amount to ₹48·10 lakhs owing mainly to slower progress of work on the Nira Right Bank canal and the Pravara river project in Bombay, the Tandula canal in the Central Provinces, the Tribeni canal in Bihar and Orissa and certain tank projects in the Central and United Provinces. The entire outlay will be recorded in the Famine Relief and Insurance section of the accounts. *Revised, 1918-19.*

166. In the Budget estimate for 1919-20, the allotment for Protective Irrigation works is taken at ₹53 lakhs, the whole amount being met from the Famine Insurance grant. The distribution of the grant of ₹53 lakhs is given in the table below. *Budget, 1919-20.*

	1918-19.		Budget, 1919-20.
	Budget.	Revised.	
1. Madras:	₹	₹	₹
(i) Mopad project	1,89,000	1,75,000	1,55,000
(ii) Other projects	39,000	45,000	7,000
2. Bombay:			
(i) Godaveri Canal	20,000	39,000	19,000
(ii) Chankapur Tank	37,000	21,000	13,000
(iii) Pravara river project	10,52,000	8,21,000	7,90,000
(iv) Nira Right Bank Canal	19,26,000	17,92,000	19,99,000
(v) Other projects, etc.	1,65,000	1,18,000	1,79,000
3. Bengal	5,000	5,000	2,000
4. United Provinces:			
(i) Barwar Lake and Canal	88,000	64,000	81,000
(ii) Ghaggar Canal	63,000	1,31,000	28,000
(iii) Jaiwanti Tank	37,000	40,000	1,24,000
(iv) Bhatkhara Tank	1,37,000	51,000	2,25,000
(v) Raipura Tank	...	...	1,42,000
(vi) Other projects, etc.	1,10,000	36,000	1,23,000
5. Bihar:			
(i) Tribeni Canal	2,13,000	1,55,000	1,87,000
(ii) Other projects, etc.	2,000	9,000	10,000
6. Central Provinces:			
(i) Tandula Canal	8,66,000	6,85,000	7,76,000
(ii) Tank projects	5,76,000	6,04,000	5,19,000
(iii) Other projects, etc.	1,38,000	11,000	5,000
7. Minor administrations	8,000	8,000	9,000
8. Reserve provision	4,29,000	...	...
Deduct—Allowance for possible lapses in grants	...	...	—93,000
TOTAL	61,00,000	48,10,000	53,00,000

XXVI to XXVIII and 38 to 41—RAILWAY REVENUE ACCOUNT.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19. Budget.	1918-19. Revised.	Budget, 1919-20.
STATE RAILWAYS—	₹	₹	₹	₹	₹	₹
Gross Receipts	57,26,42,888	62,94,69,001	68,92,12,825	70,50,08,000	76,58,09,000	80,07,29,000
Deduct—						
Working Expenses	29,53,00,146	29,96,86,445	31,35,80,926	34,56,64,000	36,81,64,000	46,40,00,000
Surplus profits paid to Companies, etc.	90,57,411	1,15,56,624	1,49,16,062	1,60,00,000	1,90,00,000	1,84,00,000
Net Receipts	26,82,85,331	31,82,25,932	36,07,15,837	34,33,44,000	37,86,45,000	31,83,29,000
Net Revenue equivalent at ₹15=£1	£ 17,885,689	£ 21,215,062	£ 24,047,723	£ 22,889,600	£ 25,243,000	£ 21,221,900
Interest and capital redemption charges—						
Interest on Debt	7,923,670	7,660,850	8,057,209	7,834,300	8,185,100	8,455,200
Annuities in purchase of Railways	3,357,691	3,357,650	3,357,623	3,357,600	3,357,600	3,357,600
Sinking Funds	208,893	323,647	333,477	242,800	242,800	255,500
Interest chargeable against Companies on advances	98,953	98,472	98,272	98,600	102,300	103,400
Interest on Capital deposited by Companies	2,131,862	2,225,940	2,263,676	2,188,700	2,178,800	2,166,500
	13,721,069	13,666,559	14,110,257	13,722,000	14,066,600	14,338,200
Net Result	4,164,620	7,548,503	9,937,466	9,167,600	11,176,400	6,883,700
Other Receipts	91,414	98,735	93,985	94,100	104,400	151,000
Other Charges	180,596	165,363	117,127	60,000	87,400	130,700
Net Result	—89,182	—66,628	—23,142	34,100	17,000	20,300
TOTAL NET RESULT	4,075,438	7,481,875	9,914,324	9,201,700	11,193,400	6,904,000
Redemption of capital from revenue	929,426	961,160	994,013	1,028,026	1,028,026	1,063,242
STATISTICS—						
State Railways—						
Capital Expenditure to March 31st—						
Expenditure by Government*	237,571,142	239,446,931	243,517,608	246,925,731	247,827,508	264,203,108
Expenditure by Companies	28,794,278	28,900,629	27,858,523	29,524,829	27,957,623	29,287,123
Outlay on the East Indian Railway from Debentures raised by the Company	18,046,847	18,046,847	18,046,847	18,046,847	18,046,847	18,046,847
Outlay on the South Indian Railway by the Company	3,809,060	3,809,060	3,309,060	3,059,060	3,309,060	3,309,060
Outlay on the Bombay, Baroda and Central India Railway by the Company	1,093,364	1,093,364	1,093,364	1,093,364	1,093,364	1,093,364
Outlay on the Great Indian Peninsula Railway by the Company	3,253,158	3,253,158	3,253,158	3,253,158	3,253,158	3,253,158
TOTAL	292,567,849	294,549,989	297,078,560	301,902,989	301,487,560	319,192,660
Miles open on the 1st April	26,369	26,433	26,572	26,612	26,471	26,491

*The figures against this line include contribution by the Jaipur Darbar towards Capital outlay on the Nagda-Muttra Railway, as follows :—

£	£	£	£	£	£
400,000	466,667	566,667	566,667	566,667	566,667

167. The Gross Receipts and Working expenses of State Railways include the following figures on account of the Jorhat State Railway in Assam. This is the only line the transactions of which are recorded in the Provincial section of the accounts :—

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
	R	R	R	R	R	R
Gross Receipts . . .	1,53,781	1,65,389	1,36,724	1,50,000	1,30,000	1,50,000
Working Expenses .	1,01,834	1,01,641	1,23,412	1,30,000	1,21,000	1,30,000

Revised, 1918-19.

Gross Receipts.

168. The Budget estimate of Gross Receipts for 1918-19 was taken at R70·50 crores, or R2·25 crores more than the probable receipts of the previous year as then estimated. It was based on the assumption that the favourable conditions of traffic which contributed so largely to the earnings of the year 1917-18 would be fully maintained and that the enhancements of fares and freights introduced for the most part during 1917 would in 1918-19 add to the receipts of the whole year. Allowance was also made for additional earnings from new lines and extensions of recent construction. The result has proved much more favourable than was anticipated and the Revised estimate is now placed at R76·55 crores, or R6·05 crores higher than the budget. This substantial improvement occurs on almost all the principal railways and is attributable mainly to larger receipts from the carriage of troops and military stores, and to increase in the ordinary passenger and general merchandise traffic. The figures in the Revised estimate of gross receipts as shown in the table on the preceding page include a repayment to the Secretary of State in England by the Mysore Durbar of R3 lakhs on account of interest on the Debenture loan of 1886 relating to the Mysore State Railway.

Working Expenses.

169. The Revised estimate of Working Expenses for 1918-19 stands at R2·25 crores more than the Budget estimate. The excess is attributable mainly to payment to the subordinate staff of railways of temporary increases of pay, to the enhanced scales of pay of officers and subordinates which have been sanctioned generally on railways and to the large increase in gross earnings and in the train mileage run.

Surplus Profits.

170. The increase of R30 lakhs in the provision for payment of surplus profits to companies follows on the improvement in their net earnings during this year and in the last quarter of the preceding year.

Budget, 1919-20.

Gross Receipts.

171. The Budget estimate of Gross Receipts for 1919-20 is taken at R80 crores, or R3·45 crores higher than the Revised estimate of the current year. It is anticipated that in spite of the diminution of military traffic and the effect of adverse agricultural prospects in several provinces, the steady growth of railway earnings will continue.

Working Expenses.

172. The grant for Working Expenses in 1919-20 is more than the Revised for the current year by R9·58 crores, the increase being due to the provision made for a very large programme of renewals of permanent way and of replacement and renewals of locomotives and rolling stock to make good the arrears which have accumulated as a result of restrictions on expenditure coupled with the difficulty of obtaining the necessary material during the war. Provision has also been made for additional working expenses arising from the larger traffic anticipated next year.

Surplus Profits.

173. Under Surplus Profits paid to companies there is a decrease of R6 lakhs due to the smaller net receipts anticipated next year.

Interest Charges, etc.

174. The excess under Interest on debt is explained in paragraph 69.

Other receipts.

Revised, 1918-19. *Budget, 1919-20.*

175. The receipts shown under this head represent the Government share of the surplus profits of the Rohilkund and Kumaon, Southern Punjab, Amritsar-Patti and Hardwar-Dehra Railways, payable under the terms of their respective contracts, and dividends on certain shares of the Ahmedabad-Dholka Railway allotted to Government in repayment of expenditure incurred by it on behalf of the railway. The improvement of £10,300 on the Budget estimate of receipts in the current year and of £46,600 provided for in the Budget of 1919-20 are due mainly to increase in the Government share of the surplus profits of the Southern Punjab Railway Company.

Other charges.

176. These consist of cost of land required by certain Companies, the contracts with which provide for the free supply of land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each Railway Company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The figures are :—

	Accounts, 1917-18.	1918-19.		1919-20.
		Budget.	Revised.	Budget.
Imperial.	₹	₹	₹	₹
1. Subsidised Companies—Land .	9,50,814	4,90,000	3,50,000	6,50,000
2. Miscellaneous Expenditure .	7,95,692	3,99,000	9,50,000	13,00,000
Provincial.				
1. Subsidised Companies—Land .	10,107	10,000	10,000	10,000
2. Miscellaneous Expenditure .	297	1,000	2,000	1,000
TOTAL . ₹	17,56,910	9,00,000	13,12,000	19,61,000
TOTAL . £	117,127	60,000	87,400	130,700

Revised, 1918-19. *Budget, 1919-20.*

Land.—A lapse of ₹1·40 lakhs is expected in the Imperial Budget grant for the current year. The principal allotments made in 1919-20 are for the Sara-Sirajganj Railway and for the payment of rebate to the Guzerat Railways.

Revised, 1918-19. *Budget, 1919-20.*

Miscellaneous Expenditure.—The Revised estimate for 1918-19 shows an increase of ₹5·51 lakhs and is chiefly due to outlay on certain large surveys undertaken during the year which were not foreseen at the time of the Budget estimate, *e.g.*, Nushki Extension, Agra-Karachi and Maungdaw-Akyab Surveys. The Budget for 1919-20 is made up as follows :—

	₹
Allotment for surveys	13,34,000
Charges for Railway Board and other establishments .	16,13,000
Less—Recoveries from Railway Companies on account of cost of supervision	*16,47,000*
TOTAL . .	13,00,000

XXIX—XXX AND 42, 42-A and 43.—IRRIGATION.

IRRIGATION.	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget. 1919-1920.
				Budget.	Revised.	
MAJOR WORKS.	₹	₹	₹	₹	₹	₹
Revenue { Direct Receipts .	4,10,69,852	4,51,68,395	4,48,58,712	4,63,88,000	4,69,88,000	4,84,04,000
Revenue { Land Revenue .	2,66,05,805	2,74,06,628	2,65,33,426	2,88,21,000	2,90,59,000	2,93,84,000
Expenditure { Working Expenses .	2,06,23,801	2,02,67,917	2,10,67,302	2,20,35,000	2,11,48,000	2,12,71,000
Expenditure { Interest .	1,98,60,762	1,93,89,288	2,08,67,708	2,02,24,000	2,12,36,000	2,15,87,000
NET REVENUE IN INDIA . . ₹	2,71,91,094	3,29,17,818	2,94,57,128	3,29,50,000	3,36,63,000	3,49,30,000
Equivalent in Sterling £	1,812,740	2,194,521	1,963,809	2,196,600	2,244,200	2,328,700
Expenditure in England (mainly Interest) . £	127,299	120,585	124,415	121,000	124,500	124,600
NET REVENUE £	1,685,441	2,073,936	1,839,394	2,075,600	2,119,700	2,204,100
CONSTRUCTION OF PROTECTIVE WORKS . £	12,632	...	...	...	...	...
MINOR WORKS.						
Receipts—Direct . .	40,10,525	47,59,342	45,66,046	45,97,000	49,86,000	48,90,000
Expenditure . .	1,32,28,564	1,17,76,139	1,29,71,568	1,48,51,000	1,55,72,000	1,63,39,000
NET EXPENDITURE IN INDIA . . . ₹	92,18,039	70,16,797	84,05,522	1,02,54,000	1,05,86,000	1,14,49,000
Equivalent in Sterling £	614,536	467,787	560,368	683,500	705,700	763,300
Expenditure in England £	290	437	-15	400	100	...
NET EXPENDITURE £	614,826	468,224	560,353	683,900	705,800	763,300
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31 . . . ₹	63,68,47,834	64,92,86,966	65,98,80,455	67,28,45,000	66,84,06,455	68,01,96,455
Equivalent in Sterling £	42,456,523	43,285,798	43,992,030	44,856,300	44,560,430	45,346,430

General Result.

Major Irrigation.

177. Taking India as a whole, the net revenue derived from Major Irrigation works in 1918-19 will exceed the Budget forecast by £44,100 (₹6·61 lakhs). There will be a rise of ₹6 lakhs in the Direct Receipts and of ₹2·38 lakhs in the share of Land Revenue. There will however be an excess of ₹1·77 lakhs in the expenditure, *viz.*, an increase of ₹10·64 lakhs in the interest charges, partly counterbalanced by a reduction of ₹8·87 lakhs under Working Expenses. A further improvement of £84,400 (₹12·65 lakhs) is expected in the net revenue in 1919-20. This allows for a rise of ₹17·41 lakhs in the gross revenue, made up of an increase of ₹14·16 lakhs in the Direct Receipts and of ₹3·25 lakhs in the share of Land Revenue. But a higher provision of ₹1·23 lakhs has been made for Working Expenses and there will also be a growth of ₹3·53 lakhs in the interest charges.

Minor Irrigation.

The net result under Minor Irrigation works in 1918-19 is worse than the Budget estimate by £21,900 (₹3·28 lakhs), the result of an increase of ₹3·89 lakhs in revenue and of ₹7·17 lakhs in expenditure. The estimate for next year provides for a fall of ₹96,000 in the receipts and for a rise of ₹7·66 lakhs in expenditure.

178. The figures for Land Revenue due to Irrigation have already been examined in paragraphs 12 and 13 along with those for Land Revenue proper. The details of the other heads are exhibited in the following tables.

XXIX AND 42.—MAJOR WORKS.

Direct Receipts.

IRRIGATION.	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budge 1919-1920.
Imperial.						
1. North-West Frontier	8,11,044	9,61,716	11,73,263	13,34,000	13,31,000	13,39,000
2. United Provinces .	5,46,513	4,86,060	4,03,388	4,95,000	6,26,000	3,85.000
3. Burma . .	13,90,045	13,53,255	13,47,411	16,55,000	17,40,000	17,80,000
4. Central Provinces .	97,982	1,31,820	1,70,194	2,48,000	3,97,000	4,82,000
Total .	28,45,584	29,32,851	30,94,256	37,32,000	40,94,000	39,86,000
Divided and Provincial.						
1. Madras . .	2,94,368	3,11,537	3,19,074	3,20,000	3,26,000	3,22,000
2. Bombay . .	16,11,897	16,81,144	15,86,638	17,87,000	17,80,000	17,00,000
3. Bengal . . .	2,78,079	2,89,732	2,78,301	2,82,000	3,00,000	2,80,000
4. United Provinces .	95,14,391	97,07,939	98,10,840	95,11,000	1,04,30,000	1,01,08,000
5. Punjab . .	2,38,05,079	2,77,15,784	2,71,44,178	2,81,56,000	2,74,08,000	2,92.08,000
6. Bihar and Orissa .	27,20,454	25,29,408	26,25,425	26,00,000	26,50,000	28,00,000
Total .	3,82,24,268	4,22,35,544	4,17,64,456	4,26,56,000	4,28,94,000	4,44,18,000
TOTAL ₹	4,10,69,852	4,51,68,395	4,48,58,712	4,63,88,000	4,69,88,000	4,84,04,000
Equivalent in Sterling £	2,737,991	3,011,227	2,990,581	3,092,500	3,132,500	3,226,900

WORKING EXPENSES.

Imperial.						
1. India General .	...	...	...	2,02,000	...	2,33,000
2. North-West Frontier	6,23,431	6,49,518	7,05,133	6,54,000	7,85,000	6,32,000
3. United Provinces .	4,72,541	4,78,631	5,58,222	5,92,000	4,98,000	4,39,000
4. Burma . . .	5,90,691	5,64,569	5.39,665	6,26,000	6,20,000	7,27,000
5. Central Provinces .	87,118	1,17,227	2,02,563	2,80,000	3,59,000	5,20,000
Total .	17,73,781	18,09,945	20,05,583	23,54,000	22,62,000	25,51,000
Divided and Provincial.						
1. Madras . .	22,36,368	19,69,410	22,13,265	23,00,000	19,90,000	17,24,000
2. Bombay . .	15,79,263	15,58,474	17,89,374	18,74,000	19,13,000	17,51,000
3. Bengal . . .	1,96,022	1,85,804	1,71,300	2,70,000	2,37,000	2,03,000
4. United Provinces .	29,70,190	29,46,301	29,44,866	30,57,000	29,67,000	31,26,000
5. Punjab . .	1,03,50,778	1,03,46,287	1,04,21,396	1,06,55,000	1,04,02,000	1,05,29,000
6. Bihar and Orissa .	15,17,399	14,51,696	15,21,518	15,25,000	13,77,000	13,87,000
Total .	1,88,50,020	1,84,57,972	1,90,61,719	1,96,81,000	1,88,86,000	1,87,20,000
TOTAL INDIA ₹	2,06,23,801	2,02,67,917	2,10,67,302	2,20,35,000	2,11,48,000	2,12,71,000
Equivalent in Sterling £	1,374,920	1,351,194	1,404,487	1,469,000	1,409,900	1,418, 00

DIRECT RECEIPTS.

(a) *Imperial.*

179. The Revised estimate for 1918-19 is more than the Budget by R3·62 lakhs. The increase is due to a larger demand for canal water in the United and Central Provinces owing to deficient rainfall and to the collection of water rate for irrigation from the Yeu canal in Burma which has been opened in the current year. The Budget estimate for 1919-20 provides for a development of irrigation from the Mahanadi and Tandula canals in the Central Provinces, but a reduction is anticipated in the irrigated area in the United Provinces owing to the low state of the rivers which feed the canals. These causes account for the decrease of R1·08 lakhs in the next year's Budget as compared with the Revised for 1918-19.

Revised, 1918-19

Budget, 1919-20.

(b) *Divided and wholly Provincial.*

180. The rise of R2·38 lakhs in the Revised estimate for the current year as compared with the Budget is due to a large increase in the area under irrigation in the United Provinces (R9·19 lakhs) during both the *rabi* and the *kharif* seasons, partly set off by a decrease in the revenue from the Sirhind, Western Jumna, Lower Jhelum and Upper Chenab canals in the Punjab (R7·48 lakhs) where excessive rainfall at the beginning of the last winter prevented early *rabi* sowings and reduced the demand for irrigation.

Revised, 1918-19.

181. The Budget estimate for 1919-20 is based generally on the demand for *rabi* irrigation in the current year and on normal requirements in connection with the next year's *kharif*. An increase of R18 lakhs is expected in the Punjab owing to the development of irrigation from the Triple canal project, but there will be a fall of R3·22 lakhs in the United Provinces owing to the low state of the rivers. An expansion of irrigation is also expected in Bihar and Orissa as the result of the deficient rainfall, but there will be a diminution in Bombay owing to insufficient supply of water.

Budget, 1919-20.

WORKING EXPENSES.

(a) *Imperial.*

182. The total expenditure in 1918-19 is likely to fall short of the Budget provision by R92,000. Increases will occur in the North West Frontier Province owing to expenditure on training and drainage works and diversion bunds on the Upper Swat River canal and in the Central Provinces on account of repairs to the Mahanadi canal, but they will be met from the reserve provision of R2·02 lakhs entered in the Budget and a saving in establishment charges in the United Provinces in consequence of the new method of distributing these charges.

Revised, 1918-19.

183. The Budget estimate for 1919-20 is R2·89 lakhs more than the Revised for the current year. Increased allotments have been made in Burma for the newly opened Yeu canal and in the Central Provinces in consequence of the increased irrigation anticipated for the next year. The Budget also includes a reserve provision of R2·33 lakhs for unforeseen requirements. There is on the other hand a reduction in the provision for establishment charges in the North-West Frontier and United Provinces.

Budget, 1919-20.

(b) *Divided and wholly Provincial.*

184. The Revised estimate for 1918-19 will be less than the Budget by R7·95 lakhs. The saving occurs partly under establishment charges in Madras, Bihar and Orissa and the United Provinces in consequence of the revised method of allocating these charges, and partly in the provision for works in the Punjab.

Revised, 1918-19.

185. The Budget estimate for 1919-20 is R1·66 lakhs less than the Revised estimate for the current year. The decrease of R2·66 lakhs in Madras arises from the omission of the special expenditure incurred in 1918-19 for repairs to flood damages on certain canals. Elsewhere provision has been made with reference to present requirements.

Budget, 1919-20.

42A.—EXPENDITURE ON PROTECTIVE IRRIGATION WORKS IN ADDITION TO THAT CHARGED UNDER FAMINE RELIEF AND INSURANCE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
India . . ₹	1,89,478	...	...	...	...	...
Equivalent in Sterling £	12,632	...	...	...	...	...

186. No supplementary expenditure on protective irrigation works is anticipated under this head either in the current or the next year, as explained in paragraphs 165 and 166.

XXX AND 43.—MINOR WORKS AND NAVIGATION.

Revenue.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	16,907	15,172	19,656	32,000	27,000	30,000
2. Delhi . . .	1,384	2,599	989	1,000	1,000	1,000
3. Baluchistan . .	21,784	79,709	54,742	44,000	58,000	92,000
4. Punjab . .	8,89,685	9,59,765	10,01,641	9,71,000	9,00,000	9,11,000
Total .	9,29,760	10,57,245	10,77,028	10,48,000	9,86,000	10,34,000
Divided and Provincial.						
1. Madras . . .	2,59,506	2,79,490	3,16,870	2,73,000	2,97,000	3,15,000
2. Bombay . .	3,36,511	3,46,939	3,83,240	3,75,000	3,50,000	3,60,000
3. Bengal . .	6,80,544	8,34,377	8,91,648	8,10,000	10,50,000	10,58,000
4. United Provinces .	1,98,639	2,85,386	2,89,038	2,62,000	2,86,000	2,52,000
5. Punjab . . .	67,070	63,246	1,26,464	1,03,000	1,22,000	1,33,000
6. Burma . . .	14,23,781	16,90,753	13,68,211	16,00,000	17,50,000	16,00,000
7. Bihar and Orissa .	67,098	70,328	74,362	72,000	74,000	74,000
8. Central Provinces .	47,616	59,074	39,185	54,000	71,000	64,000
9. Assam . . .	...	72,004	...	...	...	...
Total .	30,80,765	37,02,097	34,89,018	35,49,000	40,00,000	38,56,000
TOTAL R	40,10,525	47,59,342	45,66,046	45,97,000	49,86,000	48,90,000
Equivalent in Sterling £	267,368	317,289	304,403	306,500	332,400	326,000

Expenditure.

Imperial.						
1. India General .	71,792	62,434	73,988	1,63,000	85,000	1,86,000
2. Delhi . . .	1,043	1,593	1,102	1,000	1,000	1,000
3. Baluchistan . .	2,84,076	2,93,454	1,43,650	1,61,000	1,92,000	2,09,000
4. North-West Frontier	33,282	39,457	74,152	50,000	4,06,000	1,61,000
5. Punjab . . .	9,11,895	8,07,631	8,24,360	9,31,000	9,23,000	9,57,000
Total .	13,02,088	12,04,569	11,17,252	13,06,000	16,07,000	15,14,000
Divided and Provincial.						
1. Madras . . .	38,17,049	35,70,915	40,64,563	42,25,000	44,78,000	44,99,000
2. Bombay . .	30,89,517	24,97,981	28,33,016	32,69,000	33,86,000	34,58,000
3. Bengal . .	22,96,494	20,04,123	23,44,716	27,02,000	28,36,000	35,08,000
4. United Provinces .	4,01,417	3,28,489	3,12,347	6,33,000	5,70,000	5,83,000
5. Punjab . . .	2,02,446	2,63,712	3,32,936	1,95,000	4,77,000	4,24,000
6. Burma . . .	11,62,984	12,24,578	13,68,905	17,15,000	14,00,000	15,97,000
7. Bihar and Orissa .	2,33,550	2,47,981	1,88,770	3,09,000	1,60,000	2,17,000
8. Central Provinces .	5,77,173	3,81,718	3,78,730	4,55,000	6,26,000	5,00,000
9. Assam . . .	95,846	52,073	30,333	42,000	32,000	39,000
Total .	1,19,26,476	1,05,71,570	1,18,54,316	1,35,45,000	1,39,65,000	1,48,25,000
TOTAL INDIA R	1,32,28,564	1,17,76,139	1,29,71,568	1,48,51,000	1,55,72,000	1,63,39,000
Equivalent in Sterling £	881,904	785,076	864,771	990,000	1,038,100	1,089,300
England . . £	290	437	—15	400	100	...
GRAND TOTAL £	882,194	785,513	864,756	990,400	1,038,200	1,089,300

REVENUE.

(*a*) *Imperial.*

Revised, 1918-19.
Budget, 1919-20.

187. The Revised estimate for 1918-19 is less than the Budget by ₹62,000 owing mainly to diminished irrigation in the Punjab in consequence of deficient rainfall. The Budget estimate for 1919-20 does not differ materially from the Revised estimate for the current year.

(*b*) *Divided and Provincial.*

Revised, 1918-19.
Budget, 1919-20.

188. The total Revised estimate for 1918-19 exceeds the Budget by ₹4·51 lakhs. Important increases occur in Bengal (₹2·40 lakhs) owing to the diversion of railway traffic to canals and in Burma (₹1·50 lakhs) from the collection of arrears. The Budget for 1919-20 excludes the arrear collections in Burma and elsewhere follows the Revised estimate for the current year.

EXPENDITURE.

(*a*) *Imperial—India and England.*

Revised, 1918-19.

189. The increase of ₹2·97 lakhs in the Revised estimate for the current year as compared with the Budget is due to a special outlay in the North-West Frontier Province for the safeguarding of a road. A sum of ₹54,000 out of the reserve provision of ₹57,000 included in the Budget has been allotted to the Government of the United Provinces for tank restoration works and placed at its credit by an assignment of Imperial revenue (*vide* paragraph 232).

Budget, 1919-20.

190. The Budget estimate for 1919-20 is less than the current year's Revised by ₹95,000. Provision has been made for normal expenditure and a reserve of ₹60,000 has been entered to meet expenditure which cannot be foreseen at present.

(*b*) *Divided and Provincial.*

Revised, 1918-19.

191. The Revised estimate for 1918-19 exceeds the Budget by ₹4·20 lakhs. Increases are anticipated in Madras owing to larger repairs to flood banks and a rise in establishment charges under the new method of allocation; in Bengal due to larger outlay on the Madaripur Bheel route and anti-malarial works; in the Punjab on account of charges for the Thal survey for which provision was included in the Budget under Land Revenue; and in the Central Provinces owing to expenditure on works undertaken to provide employment in connection with the scarcity. But these excesses and a minor one in Bombay will be met in part from savings in other provinces.

Budget, 1919-20.

192. The Budget estimate for 1919-20 is taken at ₹8·60 lakhs more than the Revised for the current year. Provision has generally been made for sanctioned establishments, for necessary repairs and for a normal programme of works. The bulk of the increase occurs in Bengal (₹6·72 lakhs) where allotments have been made for the Kidderpore bridge (₹3½ lakhs), for larger outlay on the Madaripur Bheel route (₹1·40 lakhs), for coaling plant for dredgers (₹1 lakh) and for some other minor objects. The Budget also includes ₹2·90 lakhs for a reserve depôt for tools and plant in the United Provinces and ₹2 lakhs for improvements to waterways and ₹1·50 lakhs for river embankments in Burma.

44.—CONSTRUCTION OF RAILWAYS CHARGED TO PROVINCIAL REVENUES.

	Accounts, 1915-1916	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		Budget, 1919-1920.
				Budget.	Revised.	
Provincial.						
United Provinces .	...	...	...	...	1,00,000	66,000
Assam . . . R	18,950	33,060	—11,493	10,000	—8,000	10,000
Total . R	18,950	33,060	—11,493	10,000	92,000	76,000
Equivalent in sterling £	1,263	2,204	—766	700	6,100	5,100

193. The figures against Assam relate to capital outlay in connection with the Jorhat Railway and are unimportant in character. The provision against the United Provinces of Agra and Oudh in both the current and next years is for the construction of a siding for the resin distillery in that province.

XXXI and 45.—CIVIL WORKS.

EXPENDITURE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	23,36,211	21,00,250	20,20,052	32,77,000	23,75,000	31,52,000
2. Delhi . . .	17,59,694	18,15,313	20,64,703	15,88,000	19,85,000	16,84,000
3. Baluchistan . .	8,80,280	9,48,939	9,67,401	9,89,000	9,45,000	11,58,000
4. North-West Frontier	25,56,806	24,26,106	25,29,807	25,90,000	19,82,000	33,87,000
5. Other Provinces .	47,99,736	30,97,615	32,24,659	39,92,000	50,43,000	45,15,000
Total .	1,23,32,727	1,03,88,223	1,08,06,622	1,24,36,000	1,23,30,000	1,38,96,000
Provincial.						
1. Madras . .	87,00,566	79,75,704	80,70,672	86,40,000	99,44,000	1,05,21,000
2. Bombay . .	85,70,316	75,13,171	89,75,049	1,33,65,000	98,89,000	1,46,90,000
3. Bengal . .	89,34,903	64,39,725	90,20,293	97,37,000	1,06,83,000	1,28,64,000
4. United Provinces .	73,14,591	65,85,308	60,88,805	65,44,000	66,38,000	73,86,000
5. Punjab . .	65,46,792	49,80,610	51,27,254	76,39,000	63,76,000	84,90,000
6. Burma . . .	88,97,194	82,77,693	95,43,514	1,09,99,000	95,06,000	1,48,08,000
7. Bihar and Orissa .	88,43,005	69,74,458	75,29,245	92,20,000	76,11,000	81,05,000
8. Central Provinces .	68,95,387	60,45,394	68,41,533	81,83,000	67,95,000	84,01,000
9. Assam . . .	39,69,319	32,63,485	31,01,904	35,04,000	31,87,000	37,98,000
Total .	6,86,72,073	5,80,55,548	6,42,98,269	7,78,31,000	7,06,29,000	8,90,63,000
TOTAL INDIA . ₹	8,10,04,800	6,84,43,771	7,51,04,891	9,02,67,000	8,29,59,000	10,29,59,000
Equivalent in Sterling £	5,400,320	4,562,918	5,006,993	6,017,800	5,530,600	6,863,900
England . . . £	50,144	53,413	42,067	39,200	45,400	63,700
TOTAL . £	5,450,464	4,616,331	5,049,060	6,057,000	5,576,000	6,927,600

REVENUE.

	Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	Budget, 1919-1920.
Imperial.						
1. India General .	1,12,225	1,02,080	1,14,258	87,000	99,000	89,000
2. Delhi . . .	2,55,017	—56,940	1,71,277	1,57,000	1,36,000	1,35,000
3. Baluchistan . .	48,783	46,868	67,368	48,000	49,000	48,000
4. North-West Frontier	1,68,004	1,68,995	1,74,907	1,74,000	1,73,000	1,72,000
5. Other Provinces .	2,73,358	3,29,183	3,57,678	3,01,000	3,51,000	3,50,000
Total .	8,57,387	5,90,186	8,85,488	7,67,000	8,08,000	7,95,000
Provincial.						
1. Madras . . .	6,02,615	5,13,010	4,83,581	4,39,000	5,17,000	4,35,000
2. Bombay . .	4,00,240	4,97,111	5,33,611	3,84,000	4,56,000	4,05,000
3. Bengal . . .	6,18,546	8,57,456	6,17,975	6,24,000	7,05,000	7,24,000
4. United Provinces .	4,85,038	4,80,810	5,26,086	4,67,000	4,93,000	5,10,000
5. Punjab . . .	3,60,841	4,21,242	3,75,686	3,77,000	4,08,000	3,89,000
6. Burma . . .	3,52,829	3,50,497	3,57,052	3,60,000	3,85,000	3,61,000
7. Bihar and Orissa .	3,99,375	4,36,731	4,78,958	5,05,000	5,10,000	5,35,000
8. Central Provinces .	3,14,089	3,05,746	3,78,521	4,67,000	3,54,000	5,03,000
9. Assam . . .	1,69,556	1,87,798	2,17,025	1,84,000	1,93,000	1,87,000
Total .	37,03,129	40,50,401	39,68,495	38,07,000	40,21,000	40,49,000
TOTAL INDIA . ₹	45,60,516	46,40,587	48,53,983	45,74,000	48,29,000	48,44,000
Equivalent in Sterling £	304,035	309,373	323,599	304,900	321,900	323,000

194. The Imperial revenue and expenditure shown against "Other Provinces" represent the transactions in connection with the buildings of the various departments, *e.g.*, salt, customs, etc., the receipts and charges of which are wholly Imperial.

EXPENDITURE.

(*a*) *Imperial—India and England.*

195. The Revised estimate for the current year does not differ materially from the Budget. An expenditure of about ₹7 lakhs over and above the Budget provision is expected to be incurred in connection with the provision of accommodation at Simla for junior officers and subordinate establishments of the Government of India, both European and Indian. A further increase of about ₹3·5 lakhs is due to the construction of a new Telegraph Office at Simla, and additional office accommodation at the Secretariat in temporary Delhi. Payments in England by the Secretary of State are also expected to be about ₹1 lakh more than the amount anticipated. These excesses will however be counterbalanced by savings in the provinces, inclusive of ₹4·50 lakhs in the North-West Frontier Province due to the transfer of certain roads to the Military Works Department. *Revised, 1918-19.*

196. In 1919-20 the total Imperial grant has been fixed at ₹1,00 lakhs, exclusive of ₹6·41 lakhs allotted for expenditure in the Civil Department, mostly in the several minor administrations, and of sums aggregating ₹42·10 lakhs to be spent by the administrations of the North-West Frontier Province (₹32·85 lakhs) and Baluchistan (₹9·25 lakhs). The total Budget for 1919-20 is more than the Budget and Revised estimates for 1918-19 by ₹18·27 lakhs and ₹18·40 lakhs respectively. The grants for ordinary expenditure have been kept as low as possible in view of the present financial situation. *Budget, 1919-20.*

197. The purposes to which the grant of ₹1,00 lakhs mentioned in the preceding paragraph will be applied are shown below :—

	In lakhs of rupees.
(*a*) Ordinary grant—	
(1) Establishment and Miscellaneous charges	14·47
(2) Repairs	22·97
(3) Works in progress	9·63
(4) New works—	
(*a*) Costing up to ₹5,000	7·86
(*b*) Costing more than ₹5,000	18·22
(5) Payments in England for stores, furlough allowances, etc.	9·55
(6) Reserve for Archæological expenditure	1·00
(7) Reserve for other unforeseen expenditure	2·33
	86·03
(*b*) Delhi Province—	
(1) Civil Buildings—Works in progress	...
(2) New Works—	
(*a*) Costing up to ₹5,000	0·33
(*b*) Costing more than ₹5,000	1·38
(3) Communications	0·53
(4) Miscellaneous public improvements	0·13
(5) Repairs	7·27
(6) Establishment and Tools and Plant	3·18
(7) Archæological expenditure	0·41
(8) Reserve for unforeseen expenditure	0·74
	13·97
Total	1,00·00

The more important works for which funds are being provided out of the ordinary grant mentioned above are stated below :—

Province.	Name of work.	Amount of grant.
	Works in progress.	₹
Punjab	New telegraph office building at Simla	2,00,000
	Quarters for junior officers of the Government of India on the Bemloe Estate, Simla.	1,25,000
Bombay	New Customs House at the Ballard Pier, Bombay	2,00,000
	New Works.	
Bengal	Extension of the Calcutta General Post Office	1,00,000
	New Post and Telegraph Office at Darjeeling	1,00,000
Bombay	Extension of the Pritchard Salt Works at Kharagoda, Bombay	1,00,000
	Quarters for Postal and Telegraph messengers at Bombay	1,00,000
Punjab	Quarters for European clerks of the Government of India at Summer Hill, Simla.	4,50,000
	Development of the Park Estate, Simla	2,00,000

Revised, 1918-19.

198. The Budget grants for 1919-20 proposed for the North-West Frontier Province and Baluchistan are higher than the Revised estimate for the current year by ₹13·98 and ₹2·06 lakhs respectively. Increased allotments have been necessary both for works and repairs as a result of the severe restriction of expenditure which has been enforced since the outbreak of the war.

(*b*) *India—Provincial.*

199. The total Revised estimate for 1918-19 is less than the Budget by ₹72·02 lakhs. The Budget provided for an outlay of ₹8 lakhs on Civil Works from the special Imperial assignments made in recent years for Education, Sanitation and other beneficent services, but the total expenditure of this class in the current year to be recorded under Civil Works is now estimated at about ₹23 lakhs. Eliminating this special expenditure as well as the Budget provision made for it, the Revised estimate under Civil Works falls short of the corresponding Budget grant by about ₹87 lakhs. All the provinces except Madras and Bengal contribute to the lapse which is largest in Bombay (₹35·38 lakhs) and Bihar and Orissa (₹20·65 lakhs). The saving is attributable generally to a curtailment of the programme of works in pursuance of the recommendations of the Delhi Conference of April 1918 regarding economy in the expenditure of Government. The non-utilisation of the Budget provision for grants for sanitary objects from surplus excise revenue and a large reduction in the programme of works account for the decrease in Bombay, while that in Bihar and Orissa arises from the postponement of outlay on the new capital, the University site, the Lunatic Asylum and other works, partly for want of materials. The excess in Madras is due to grants aggregating ₹20 lakhs made to local bodies for the improvement of roads affected by restrictions on railway traffic and in Bengal to outlay on the construction of police buildings, the Budget provision for which was included under Police.

Budget, 1919-20.

200. The table below compares the details of the grants for 1919-20 in the various provinces so far as settled at present with the probable expenditure in the current year.

REVISED, 1918-19.

[Lakhs of Rupees.]

Provinces.	Grants to		Outlay in the Public Works Department on			Other items.	Total.
	Local Boards and Municipalities.	Other local bodies.	Original works.	Repairs.	Establishment charges.		
1. Madras	46·75	·06	26·03	12·35	14·95	—·70	99·44
2. Bombay	8·69	...	46·72	25·00	15·20	3·28	98·89
3. Bengal	10·03	1·50	51·15	30·75	12·00	1·40	106·83
4. United Provinces	4·40	...	20·83	29·21	9·72	2·22	66·38
5. Punjab	7·44	...	23·00	23·00	7·90	2·42	63·76
6. Burma	12·23	...	26·60	38·00	16·00	2·23	95·06
7. Bihar and Orissa	17·66	...	34·37	11·30	12·02	·76	76·11
8. Central Provinces	7·19	...	30·61	19·74	9·18	1·23	67·95
9. Assam	2·02	...	6·36	15·50	6·75	1·24	31·87
Total	116·41	1·56	265·67	204·85	103·72	14·08	706·29

BUDGET, 1919-20.

[Lakhs of Rupees.]

PROVINCES.	GRANTS TO		OUTLAY IN THE PUBLIC WORKS DEPARTMENT ON			Other items.	TOTAL.
	Local Boards and Municipalities.	Other local bodies.	Original Works.	Repairs.	Establishment charges.		
1. Madras	34·48	·01	38·80	11·24	18·80	1·88	105·21
2. Bombay	16·70	...	84·50	28·00	15·00	2·70	146·90
3. Bengal	10·54	4·75	69·40	31·00	12·00	·95	128·64
4. United Provinces . . .	4·59	...	21·74	31·63	12·58	3·32	73·86
5. Punjab	11·53	...	36·15	25·70	8·35	3·17	84·90
6. Burma	11·14	...	69·72	42·50	17·78	6·94	148·08
7. Bihar and Orissa . . .	14·35	...	38·84	12·72	12·48	2·66	81·05
8. Central Provinces . . .	5·93	...	44·12	22·23	10·60	1·13	84·01
9. Assam	3·17	...	8·09	18·02	7·22	1·48	37·98
TOTAL .	112·43	4·76	411·36	223·04	114·81	24·23	890·63

201. The Budget estimate for 1919-20 exceeds the Revised for the current year by R1,84·34 lakhs. The increase is distributed over all the provinces, but is largest in Burma (R53·02 lakhs) and Bombay (R48·01 lakhs). Allotments aggregating R21 lakhs have been made for outlay on civil works from the special Imperial assignments made in recent years.

202. The total provision for original works in 1919-20 has been taken at R1,45·69 lakhs more than the probable expenditure in the current year. Provision has been made for a considerable expansion of outlay on buildings and communications in Bombay and Burma; for progress of work in connection with the Bankipore buildings in Bihar and Orissa and the partition of the districts of Midnapore and Mymensingh in Bengal; for regrant of lapses in the current year, for acquisition of land for the new University and for an expanded programme of works in view of the present scarcity in the Central Provinces; and in Burma for a regrant of lapses and the construction of an agricultural college from the Imperial grant made in the current year for technical and agricultural education.

203. The total provision for grants to local boards and municipalities in 1919-20 is about R4 lakhs less than the similar expenditure in 1918-19 as the result of variations in all provinces. The decrease occurs mainly in Madras where the Budget provision for grants for roads affected by railway restrictions amounts during the next year to R6 lakhs against R20 lakhs in the Revised for the current year. Of the provision under grants to local bodies R1·50 lakhs represent the grant from Imperial revenues to the Calcutta Improvement Trust, and R3·25 lakhs for a contribution to the Chittagong port.

204. The Budget grants for repairs and establishment charges are generally based on normal requirements and sanctioned scales. Provision has been made in the United Provinces for a temporary staff to prepare projects for works held in abeyance during the war. The Budget under the head "Other items" includes a reserve provision of R5 lakhs in Burma.

REVENUE.

(*a*) *Imperial.*

205. The variations are unimportant.

(*b*) *Provincial.*

206. The Revised estimate for 1918-19 shows a rise of R2·14 lakhs over the Budget estimate, due to the refund of contributions paid to local bodies in previous years in Madras and to increase in the sale-proceeds of old materials and miscellaneous items of revenue in Bombay and Bengal, partly set off by the postponement to the next year of a contribution of R1·50 lakhs expected from the public towards the King Edward's College, Amraoti. Apart from this contribution, the Budget estimate for 1919-20 provides for normal receipts.

Revised, 1918-19.

Budget, 1919-20.

XXXII and 46.—ARMY.

EXPENDITURE.		Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	1919-1920, Budget.
INDIA—		R	R	R	R	R	R
Effective Services—							
Administration		50,70,067	57,48,817	67,29,355	66,28,800	69,92,000	70,69,020
Military Accounts		25,20,017	26,20,842	28,31,257	27,38,050	28,06,000	28,29,400
Regimental Pay, etc.		7,99,57,421	7,72,27,057	8,00,99,334	8,29,91,860	8,19,19,000	13,80,70,750
Supply and Transport		2,47,25,419	2,91,17,776	3,50,30,972	3,48,04,060	4,10,19,000	5,12,71,000
Veterinary		1,74,025	1,72,784	1,98,304	1,70,240	2,00,000	1,94,960
Clothing		24,53,604	42,37,239	26,77,025	20,42,000	39,36,000	72,75,200
Remounts		45,99,756	44,62,466	55,35,529	43,83,680	46,48,000	50,32,760
Medical Services		28,06,736	30,12,527	32,32,100	31,66,310	36,27,000	69,05,460
Medical Stores		4,92,279	6,19,833	22,32,843	13,40,630	23,01,000	23,36,000
Ordnance		89,30,346	1,18,71,030	1,59,59,793	1,79,92,030	2,23,00,000	1,82,19,980
Ecclesiastical		3,75,208	3,96,759	4,36,924	4,03,700	4,36,000	4,40,180
Education		5,66,320	5,65,931	6,74,813	7,03,280	8,42,000	14,10,290
Compensation for Food, etc.		35,84,000	34,00,920	7,99,000	7,47,000	12,66,000	28,69,000
Miscellaneous Services		10,11,32,874	11,31,78,446	14,08,82,246	15,96,43,000	33,28,56,000	21,47,96,000
Indian Munitions Board		...	55,019	28,55,621	21,86,280	34,66,000	30,56,470
Hutting		2,61,600	2,56,912	2,65,487	2,00,000	3,20,000	2,50,000
Conveyance by Road, River, and Sea		5,91,653	9,65,231	8,13,580	8,33,970	9,97,000	9,88,690
Conveyance by Rail		58,83,294	1,09,80,704	1,48,21,052	1,20,00,000	2,36,50,000	2,14,00,000
Cantonments		14,06,228	17,37,917	18,41,728	12,08,090	18,75,000	13,16,840
Unadjusted Expenditure		—12,49,349	—1,75,481	— 16,27,238	...	...	...
TOTAL	R	24,42,81,498	27,04,52,729	31,62,89,725	33,41,83,000	53,54,56,000	48,57,32,000
Non-effective Services—	R	1,17,29,048	1,28,45,207	1,46,21,875	1,60,71,000	1,59,90,000	1,78,71,000
TOTAL INDIA	R	25,60,10,546	28,32,97,936	33,09,11,600	35,02,54,000	55,14,46,000	50,36,03,000
Equivalent in sterling	£	17,067,369	18,886,529	22,060,774	23,350,300	36,763,100	33,573,500
ENGLAND—		£	£	£	£	£	£
Effective Services—							
Payments to War Office for British Forces		929,251	930,700	930,700	930,700	872,200	911,700
Furlough Allowances, etc., of British Forces		15,182	14,941	15,219	30,000	20,000	50,000
Consolidated Clothing Allowances of British Soldiers		6,848	1	...	...	...	...
Furlough Allowances, Indian Service		143,393	190,062	191,037	187,000	192,000	250,000
Indian Troop Service		556,904	277,010	303,818	272,300	272,300	310,000
Other Heads		51,074	31,677	33,993	40,500	166,800	63,100
Clothing Stores		111,797	108,039	110,000	110,000	110,000	110,000
Ordnance and Miscellaneous Stores		319,175	1,152,872	1,946,096	166,700	422,000	429,400
Medical Stores		104,511	182,705	117,303	161,700	140,000	183,000
Remount Stores		...	...	2,945	3,200	3,200	3,200
Supply and Transport Stores		88,444	83,000	83,000	83,000	83,000	83,000
Mechanical Transport Stores		...	165,439	150,272	160,000	125,000	160,000
Military Farms Stores		12,943	25,428	23,879	31,100	37,400	39,700
Aviation Stores		60,000	...	63	203,300	100,000	200,000
North-West Frontier, 1914		...	29,638	...	...	...	...
Stores taken to India with Troops		8,315	...	...	...	1,600	...
TOTAL	£	2,407,837	3,191,512	3,908,325	2,379,500	2,545,500	2,793,100
Non-effective Services—							
Payments to War Office for British Forces		864,473	676,073	672,373	576,100	1,076,400	1,941,100
Pensions, Indian Service		1,301,993	1,236,154	1,175,236	1,170,000	1,150,000	1,130,000
Other Heads		251,528	269,735	277,196	315,000	285,000	292,000
TOTAL	£	2,417,994	2,181,962	2,124,805	2,061,100	2,511,400	3,363,100
TOTAL ENGLAND	£	4,825,831	5,373,474	6,033,130	4,440,600	5,056,900	6,156,200
TOTAL EXPENDITURE	£	21,893,200	24,260,003	28,093,904	27,790,900	41,820,000	39,729,700
RECEIPTS.							
India	R	R 90,00,890	R 1,17,70,562	R 1,53,52,150	R 1,29,01,000	R 1,56,15,000	R 1,39,47,000
Equivalent in sterling	£	£ 600,059	£ 784,704	£ 1,023,477	£ 860,100	£ 1,041,000	£ 929,800
England	£	339,884	330,814	280,453	284,000	269,200	274,500
TOTAL RECEIPTS	£	939,943	1,115,518	1,303,930	1,144,100	1,310,200	1,204,300
TOTAL NET EXPENDITURE	£	20,953,257	23,144,485	26,789,974	26,646,800	40,509,800	38,525,400

207. The receipts and expenditure under the 'Army' head are given in the preceding statement. *Revised, 1918-19, compared with Budget, 1918-19.*

208. The Revised Estimate for the current year and the Budget Estimate for 1919-20 include £12,700,000 and £8,695,000, respectively, on account of the Government of India's additional war contribution to the Imperial Government, represented by the following items:—

	Revised, 1918-19.	Budget, 1919-20.
	£	£
Normal cost charges of additional Indian troops	8,800,000	6,800,000
Increased emoluments of Indian troops	200,000	200,000
Cost of European Section, Indian Defence Force	200,000	200,000
War pensionary charges of Indian troops and their British officers	500,000	995,000
War pensionary charges of British troops	...	500,000
Expenditure on temporary lines for the accommodation of additional troops	3,000,000	...
	12,700,000	8,695,000

209. Excluding these special charges, the net Army expenditure, according to the Revised Estimate for 1918-19, exceeds the Budget by £1,163,000, made up of an increase of ₹154·78 lakhs (£1,031,900) in India and of £131,100 in England. As the India Army Budget for 1918-19 included a reserve of ₹296·53 lakhs (£1,976,900) the actual additional expenditure in India, for which no specific provision was made in the Budget, is (₹154·78 lakhs *plus* ₹2,96·53 lakhs) ₹4,51·31 lakhs (£3,008,800), which is mainly due to the following:—

Thousands of rupees.

(1) Additional expenditure on account of North-West Frontier operations, mainly in connection with the Marri operations; the complete mobilization of two divisions and a cavalry brigade and troops and headquarters in the three Frontier brigades; the raising of additional animal and mechanical transport units; and higher Military Works expenditure on accommodation for additional troops for the defence of the North-West Frontier	1,05,00
(2) Increased pay (in the form of bonus) to British officers and troops	66,90
(3) Increased railway charges	1,16,50
(4) Increased food charges, mainly owing to rise in prices	60,00
(5) Cost of Home stores obtained for the Royal Air Force by direct demand on the War Office and adjustable in the Indian accounts	30,45
(6) Increased outlay on dairy farms (this is counterbalanced by increased receipts)	20,20
(7) Increased travelling allowances and contingent charges	16,50
(8) Larger outlay on hire of transport	15,24
(9) Expansion of the activities of the Indian Munitions Board	12,80
(10) Rise in prices of medical stores and increased demands	8,74
(11) Increased pay to Subalterns of the British Army (this includes arrear payments from 1st October 1917)	12,80
(12) Cost of acquiring land for a parade ground at Bannu, for aeroplane landing grounds, and for ordnance factories, etc.	6,29
(13) Hair-cutting and washing allowances to British troops, owing to abolition of clothing allowances and grant of free issues in kind	7,16
(14) Larger expenditure on petrol and mechanical transport units	5,51
	4,84,09

Revised, 1918-19, compared with Budget, 1918-19—concld.

Improvements in receipts reduce the net expenditure by R27·14 lakhs and the increase of pay to British troops sanctioned in 1917-18 is estimated to cost R21·75 lakhs less than the Budget provision.

With regard to (1), it may be mentioned that no provision had been made for the Marri operations, which commenced in March 1918 after the budget for 1918-19 had been settled. The mobilization of certain divisions and brigades on the Frontier was sanctioned in the course of the year in consequence of the then war situation and led to heavy additional expenditure in connection with animal transport. A small outlay will also be incurred on account of 10 Ford van companies, the formation of which was sanctioned as a temporary measure by the Secretary of State in July last, and some of which are expected to arrive in India before the end of the current financial year.

The bonus at (2) follows the scheme recently sanctioned at Home and provides for payments commencing from 1st February 1919 to officers and men of the British Army and British officers of the Indian Army forming the normal garrison in India, and to certain Royal Indian Marine personnel.

The increased railway charges at (3) are due to more railway movements, consequent upon the great expansion of recruitment. India bears the cost of all internal movements, other than those to ports of embarkation. The greater part of this additional expenditure comes back to Government in the shape of increased railway receipts.

The increase of R60 lakhs under food charges reflects the great increase which has taken place during the current year in prices of articles of food for men and animals.

With regard to (5), the cost of aeroplanes and aviation stores demanded from the War Office direct is being adjusted in India. There is also expenditure at Home, which is due to additional arrear claims having been preferred by the Imperial Government.

In connection with the increased travelling allowances and contingent charges at (7) above, it may be observed that, apart from the additional travelling necessitated by the increase of the army in India and consequent need for more constant inspection, and apart also from the higher expenditure on travelling allowances resulting from the formation of a number of classes for the intensive training of officers, non-commissioned officers and others, this increase is due to the fact that travelling allowances and contingent charges are borne by India in respect of the largely increased Army Headquarters staff and Divisional staffs.

The larger outlay on hired transport at (8) above is due to the constant internal movements of troops in India consequent upon redistributions due to units proceeding overseas, extra recruitment and the like.

The sum at (9) represents the share, debitable to India, of the increased establishments of the Indian Munitions Board. The Board has constantly been taking over new activities throughout the current year; and the ever increasing demands on India for munitions have also led to increases in the staff.

210. The increase of £131,100 at Home is made up of numerous items, the most important of which are an increase of £101,600 on Home stores, a payment of £90,100 to the War Office, representing minor savings due to the war in military expenditure in England, and a lower payment of £58,500 to the War Office in respect of effective charges of British forces serving in India.

Budget, 1919-20, compared with Revised, 1918-19.

211. Excluding the additional war contribution mentioned in para. 208 above, the net Budget of 1919-20 under the Army head exceeds the Revised estimate for 1918-19 by R3,03·09 lakhs (£2,020,600), of which R2,70·24 lakhs (£1,801,600) occur in India and £219,000 at Home.

212. The following are the more important causes of increase in India:—

	Thousands of rupees.
(1) Increase in pay (in the form of bonus) to British troops and to British officers of the Indian Army sanctioned with effect from 1st February 1919	3,08,10
(2) Provision for building up a reserve of mobilisation and war stores	1,50,00
(3) 'Reserve' provision to meet unforeseen charges	1,30,70
(4) Increased provision for 'food supplies'	30,00
(5) Larger provision for increased pay to British troops, which was sanctioned in 1917-18	12,00
(6) Provision in Budget, 1919-20, for revision of the peace establishment of mountain batteries	11,26
(7) Provision for a new wireless signal company	5,94
(8) Grant to British soldiers of allowances for haircutting and washing on abolition of clothing allowances from 1st October 1918 and issue of clothing in kind	7,17
	6,55,17

Of the foregoing, the new items of expenditure are at (2), (6) and (7). A Committee is now sitting to examine the extent of a mobilization store reserve which must be maintained, and pending a final decision a provision of £1 million has been made as a first instalment on this account. The revision of the peace establishment of mountain batteries is a measure which is being submitted for the sanction of the Secretary of State; the formation of a new wireless signal company, for which provision has been made at (7) has been approved by the Secretary of State.

The increases above are partly counterbalanced by decreases, of which the following are the principal:—

	Thousands of rupees.
(9) Lower provision for expenditure debitable to the head "War—India" in view of the cessation of hostilities	2,71,42
(10) Omission of provision in the Budget 1919-20 for scheme for the extension of the Ordnance factories	37,50
(11) Smaller provision for maintenance of Ordnance equipment and other items taken into account in the ordinary war contribution	30,00
(12) Special expenditure on acquisition of land in 1918-19, not required next year	6,29
(13) Smaller provision for increase of pay to subalterns, as the Revised 1918-19 includes arrear charges	4,30
(14) Smaller provision for the Indian Munitions Board	4,09
(15) Reduced allotment for travelling and contingent charges	6,50
(16) Less provision for hire of transport	7,77
(17) Expected fall in railway charges	22,50
	3,90,37

The omission of provision for the scheme for the extension of the Ordnance factories is due to the fact that the Government of India's liability for this scheme is limited to £250,000, and the whole of this amount is being adjusted in the current year's accounts. The other reductions are due generally to the cessation of hostilities and gradual return to the normal scale of expenditure.

213. The increase of £219,000 at Home is mainly due to larger provision for stores (£187,700). Other variations are—an increase of £88,000 in furlough allowances, of £37,700 in Indian Troop Service charges, and of £39,500 in capitation payments to the War Office: on the other hand, there is a lower provision of £70,800 on account of minor savings due to the war payable to the War Office, and of £27,000 which was refunded in 1918-19 to the War Office in connection with Indian regiments serving in the Colonies.

Budget, 1919-20, compared with Budget, 1918-19.

214. As compared with the Budget of the current year, the Budget for 1919-20 (apart from the additional war contribution referred to in para. 208) shows an increase of £3,183,600 in net expenditure made up of £2,833,500 in India and £350,100 in England. These variations have been already explained in the preceding paragraphs dealing with the Revised for 1918-19 as compared with the Budget of that year and the Budget for 1919-20 as compared with the Revised for 1918-19.

XXXIII AND 46-A.—MARINE.

		Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919.		1919-1926, Budget.
					Budget.	Revised.	
EXPENDITURE.							
India . . .	R	72,07,696	40,85,438	67,45,164	52,53,000	61,62,000	62,40,000
Equivalent in sterling .	£	480,513	272,362	449,678	350,200	410,800	416,000
England . . .	£	265,000	421,318	358,146	610,100	598,800	815,600
Total	£	745,513	693,680	807,824	960,300	1,009,600	1,231,600
RECEIPTS.							
India . . .	R	33,48,942	54,75,072	48,32,333	46,29,000	47,01,000	44,85,000
Equivalent in sterling .	£	223,263	365,005	322,155	308,600	313,400	299,000
England . . .	£	...	22	...	...	...	...
Total	£	223,263	365,027	322,155	308,600	313,400	299,000
NET EXPENDITURE	£	522,250	328,653	485,669	651,700	696,200	932,600

Revised, 1918-19, compared with Budget, 1918-19.

215. The expenditure in India during 1918-19 is expected to be R9·09 lakhs over the Budget, owing mainly to larger expenditure on stores. But for a reduction of R9·60 lakhs owing to readjustment of war charges provisionally compiled as Marine expenditure in 1917-18, the increase would have been R18·69 lakhs over the Budget. Taking the small improvement of R72,000 in receipts into account, the net expenditure in India becomes R14·61 lakhs, or R8·37 lakhs more than the Budget figure of R6·24 lakhs.

The decrease of £11,300 at Home is due chiefly to the expenditure on the construction of certain vessels being now expected not to exceed £64,000 against £132,800 provided in the Budget. This decrease is partly counterbalanced by increased expenditure on miscellaneous stores (£52,700).

Budget, 1919-20, compared with Revised, 1918-19.

216. The provision for next year, India and Home combined, is R35·46 lakhs (£236,400) in excess of the anticipated net expenditure of £696,200 in 1918-19. The increase is due chiefly to larger provision of £123,200 for the completion of the two Royal Indian Marine vessels under construction and of £40,000 for a dredger which the War Office bought in 1917-18 in an unfinished condition and are now restoring duly completed to the Indian Government. An additional sum of £51,600 has also been provided for ordinary miscellaneous imported stores.

XXXIV and 47—MILITARY WORKS.

		Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	1919-1920, Budget.
ORDINARY.							
EXPENDITURE.							
India . .	₹	89,40,517	1,77,00,844	1,83,75,030	1,35,25,000	2,44,35,000	1,45,85,000
Equivalent in sterling .	£	596,035	1,180,056	1,225,002	901,700	1,629,000	972,400
England .	£	27,745	48,847	28,020	5,000	32,000	5,000
TOTAL	£	623,780	1,228,903	1,253,022	906,700	1,661,000	977,400
RECEIPTS.							
India . .	₹	11,78,015	14,31,014	14,16,355	12,00,000	13,50,000	12,60,000
Equivalent in sterling .	£	78,534	95,401	94,424	80,000	90,000	84,000
England .	£	...	...	...	...	...	...
TOTAL	£	78,534	95,401	94,424	80,000	90,000	84,000
Net expenditure, Ordinary .	£	545,246	1,133,502	1,158,598	826,700	1,571,000	893,400
SPECIAL DEMANDS.							
EXPENDITURE.							
India . .	₹	33,01,067	51,31,599	87,71,003	1,29,87,000	1,64,85,000	1,20,85,000
Equivalent in sterling .	£	220,071	342,107	584,733	865,800	1,099,000	805,600
England .	£	7,015	23,528	23,354	9,000	50,000	38,000
TOTAL	£	227,086	365,635	608,087	874,800	1,149,000	843,600
TOTAL NET EXPENDITURE	£	772,332	1,499,137	1,766,685	1,701,500	2,720,000	1,737,000

217. *Expenditure—Ordinary Demands.*—These show a considerable increase—about ₹1,13 lakhs (£754,000)—which is to a great extent due to urgent measures necessitated by the war and consists of a number of relatively minor items sanctioned by General Officers Commanding in exercise of the special powers given them for the period of the war. A large item relates to the provision of additional furniture for temporary barracks which, under present arrangements, is debited to Indian revenues. The excess is also partly caused by further expenditure on the Acetone factory at Nasik, amounting to ₹12·30 lakhs; the establishment of an engineer field park at Lahore, costing ₹22·02 lakhs; and the maintenance charges of certain roads on the North-West Frontier, for which a sum of ₹4½ lakhs was transferred from the Civil to the Military Works estimates. *Revised, 1918-19, compared with Budget, 1918-19*

Special Demands.—The expected increase is about ₹41 lakhs (£274,000) over the budget allotment of about ₹131¼ lakhs. Improvements to frontier roads account for about ₹17 lakhs over the budget provision of ₹40 lakhs (apart from an expenditure of ₹10½ lakhs made available by reappropriation); ₹5 lakhs are being spent on improvements and extensions in the Rawalpindi arsenal; the provision of temporary accommodation for a

machine gun company at Quetta will cost about ₹1·16 lakhs; the construction of a temporary bridge over the Haro river, about ₹1 lakh; the establishment of an ice factory at Bannu, about ₹$\frac{3}{4}$ lakh; the construction of new buildings in the Gun and Shell Factory at Ishapore, about ₹1·66 lakhs; and the reconstruction of Indian troops' lines accounts for a further increase of ₹4 lakhs over the budget provision (₹15 lakhs).

Budget, 1919-20 compared with Budget, 1918-19.

Expenditure-Ordinary Demands.—For 1919-20, ₹146·60 lakhs (£977,400) have been allotted against ₹1,36 lakhs (£906,700) in the current year. The principal cause of the increase is due to provision of accommodation for mechanical transport companies and Royal Air Force, and heavier establishment and repair charges.

Special Demands.—The allotment for 1919-20 has been fixed at ₹126·55 lakhs (£843,600) as compared with about ₹131$\frac{1}{4}$ lakhs (£874,800) in the current year. The most important measures provided for are :—

	₹ Lakhs.
Improvements to frontier roads to fit them for mechanical transport	35
Reconstruction and improvements to Indian troops' lines	20
Installation of electric lights and fans in barracks and hospitals of British troops	12
Scheme for a new cantonment at Manzai	10
Provision for piped water supply at various stations	10
Improvements to Indian troops' hospitals	10
Improvements to British troops' hospitals	3
Buildings for additional units in new cantonment, Delhi	3
Ordnance factories under the control of the Indian Munitions Board	7½

47A.—SPECIAL DEFENCES.

Expenditure.		Accounts, 1915-1916.	Accounts, 1916-1917.	Accounts, 1917-1918.	1918-1919. Budget.	1918-1919. Revised.	1919-1920, Budget.
India	₹	83,941	2,10,806	1,32,213	...	...	...
Equivalent in Sterling	£	5,596	14,054	8,814	...	...	...
England	£	7,918	4,482	—8,001	...	...	...
Total	£	13,514	18,536	813	...	..	...

218. This head has been closed with effect from 1st April 1918.

SCHEDULE.

219. In the Budget for 1918-19, a sum of ₹3,25·77 lakhs (£2,171,800) was included for schedule measures. The probable expenditure is now estimated at ₹3,76·19 lakhs (£2,507,900), or an increase of ₹50·42 lakhs (£336,100), of which about £8,500 will be in England and £327,600 in India.

The increase at Home is due to larger expenditure on rearmament of artillery and to the payment of arrear charges on account of Very's pistols and cartridges, and hand grenades, for which no budget provision was made; it is also due to larger payments on Military Works stores. These excess payments have to a large extent been counterbalanced by a lapse of £68,800 in the provision on account of the two marine vessels, on which it is anticipated

that only £64,000 will be spent, against the budget provision of £132,800. The increase in India includes £30,000 for equipment required in connection with the introduction of the station hospital system in India for Indian troops, £17,000 for the acquisition of land at Bannu for a parade ground, and about £233,000 on military works, *e. g.*, frontier roads, improvements and extensions in the Rawalpindi arsenal, the temporary bridge over the Haro river, etc.

220 The Schedule for 1919-20 has been fixed at ₹2,10·83 lakhs (£1,405,500). The important measures provided for are—Rearmament of artillery, £120,900; new wireless signal company, £51,400; revision of the peace establishment of mountain batteries armed with Q. F. 3·7 inch howitzer equipment, £26,800; alterations to the peace establishment of mountain artillery units armed with B. L. 2·75 inch equipment, £48,300; completion of the two marine vessels under construction in the Home dockyards and the taking over of the dredger "Cachalot" from the War Office, £227,200. The provision for military works amounts to £843,600, which includes £782,500 for works in progress and £61,100 for new works.

MILITARY SERVICES: SUMMARY.

		Accounts, 1915-1916.	Accounts, 1916-17.	Accounts, 1917-1918.	1918-1919.		1919-1920, Budget.
					Budget.	Revised	
EXPENDITURE—							
India . .	₹	27,55,43,767	31,04,26,623	36,49,35,010	38,20,19,000	59,85,28,000	53,65,13,000
Equivalent in Sterling .	£	18,369,584	20,695,108	24,329,001	25,468,000	39,901,900	35,767,500
England .	£	5,133,509	5,871,649	6,434,649	5,064,700	5,737,700	7,014,800
Total Expenditure	£	23,503,093	26,566,757	30,763,650	30,532,700	45,639,600	42,782,300
RECEIPTS—							
India . .	₹	1,35,27,847	1,86,76,648	2,16,00,838	1,87,30,000	2,16,66,000	1,96,92,000
Equivalent in Sterling .	£	901,856	1,245,110	1,440,056	1,248,700	1,444,400	1,312,800
England .	£	339,884	330,836	280,453	284,000	269,200	274,500
Total Receipts .	£	1,241,740	1,575,946	1,720,509	1,532,700	1,713,600	1,587,300
NET EXPENDITURE	£	22,261,353	24,990,811	29,043,141	29,000,000	43,926,000	41,195,000

221. Apart from the additional war contribution for effective and non-effective charges amounting to £12·7 millions in 1918-19 and £8·695 millions in 1919-20, the expenditure in 1918-19 is expected to exceed the Budget provision (which included £1·977 millions as a reserve for unforeseen expenditure) by £2·226 millions, and the budgeted expenditure for 1919-20 is placed at £1·274 millions higher than the anticipated expenditure this year. The variations have been explained in the foregoing paragraphs. The increases may be ascribed generally to war conditions. But for the additional war contribution of £8·695 millions and the increased pay in the form of bonuses to British officers and troops, involving an extra £2·5 millions, and the allotment of a sum of £1 million towards the building up of a reserve of war mobilisation stores, the Budget provision for 1919-20 would have been practically the same as the current year's Budget grant, *viz.*, £29 millions.

TRANSFERS BETWEEN IMPERIAL AND PROVINCIAL.

	Accounts, 1915-16.	Accounts, 1916-17.	Accounts, 1917-18.	1918-19.		Budget, 1919-20.
				Budget.	Revised.	
Transfers from Imperial to Provincial—						
1. (*a*) Recurring assignments under the terms of the Provincial Settlements, including permanent additions subsequently made to them, with the exception of special recurring grants for Education and Sanitation	1,40,83,000	1,42,62,000	1,42,22,000	1,42,50,000	1,45,30,000	1,43,96,000
(*b*) Recurring assignments from Provincial to Imperial in connection with the 1916-17 scheme of taxation	...	—91,90,000	—1,34,88,000	—1,47,97,000	—1,63,71,000	—1,94,32,000
2. Special recurring grants for—						
(*i*) Education	1,14,50,000	1,14,80,000	1,43,40,000	1,71,90,000	1,71,90,000	1,72,65,000
(*ii*) Sanitation	36,70,000	36,73,000	36,73,000	36,73,000	36,73,000	36,73,000
3. Compensation for Provincial share of loss of income-tax revenue owing to the raising of the minimum assessable limit to Rs. 2,000 and the imposition of excess profits duty	...	...	...	...	...	69,35,000
4. Grant for technical and agricultural education	...	...	...	...	30,00,000	...
5. Assignments in connection with the scheme for the incidence of famine relief expenditure (*vide* paragraph 54 of Financial Statement for 1907-1908)	24,70,000	14,78,000	...	...	...	...
6. Non-recurring grants—						
(*i*) Under the terms of the Provincial settlements	11,27,000	...	...	...	42,95,000	...
(*ii*) For Education	2,37,000	2,66,000	3,45,000	2,13,000	3,17,000	38,000
(*iii*) For Sanitation	2,20,000	2,67,000	4,55,000	...	6,00,000	...
(*iv*) For medical relief, agriculture and allied objects	...	...	23,20,000	...	2,30,000	...
(*v*) Other items	32,07,000	22,05,000	14,97,000	23,15,000	68,75,000	42,05,000
Total Transfers	3,64,64,000	2,44,41,000	2,33,64,000	2,28,44,000	3,43,39,000	2,70,30,000

(*a*) *Recurring assignments excluding special grants for Education and Sanitation.*

Revised, 1918-19.

222. The increase of ₹2·80 lakhs in the Revised estimate of the current year as compared with the Budget is made up as follows :—

(Lakhs of rupees.)

(1) Increase in assignment to Bihar and Orissa for the upkeep of the European lunatic asylum at Ranchi (₹1·08 lakhs) and for the detention of seditionist prisoners in Hazaribagh jail (₹34,000), counterbalanced by a decrease of ₹92,000 in the assignment towards the cost of the Patna High Court. (The amounts of assignments vary in these cases with reference to the actual expenditure in each year).	+·50
(2) Increase in the Punjab Government's share of sale-proceeds of sites for shops and residences in certain towns in that province (these receipts are credited in the Imperial section of the accounts, but the local Government is entitled to a moiety)	+2·37
(3) Reduction in assignment to Madras in connection with the remission of the village service cess in proprietary estates due to slower progress in the resumption of *inam* lands of village servants	—·65
(4) Minor adjustments of a recurring nature	+·58
Total	+2·80

223. The Budget estimate for 1919-20 is less than the Revised for the current year by R1·34 lakhs. The decrease is due to the following causes :— *Budget, 1919-20.*

	Lakhs of rupees.
(1) Decrease in the Punjab Government's share of sale-proceeds of town sites	−2·52
(2) Increase in assignment to Madras in connection with the remission of the village service cess in proprietary estates, due to progress in the resumption of *inam* lands of village servants	+·50
(3) Petty adjustments of a recurring nature	+·68
Total	−1·34

(*b*) *Recurring assignments from Provincial to Imperial in connection with the 1916-17 scheme of taxation.*

224. The increases of (*a*) R15·74 lakhs in the Revised estimate over the Budget for the current year and (*b*) R31·11 lakhs in the Budget for 1919-20 over the Revised for 1918-19 relate to the revision of income-tax rates introduced in 1916. The head Income-tax is divided equally between Imperial and Provincial revenues, but as the taxation referred to was imposed for Imperial purposes, an assignment is taken from the provinces equivalent to the yield of the new taxation which is credited to the Provincial revenues under the ordinary division. The amounts of the assignments vary therefore with reference to the latest estimates of the proceeds of the taxation which are credited in the first instance as Provincial revenue. The increase in the assignments is distributed among the provinces as follows :— *Revised, 1918-19.* *Budget, 1919-20.*

	Lakhs of rupees.	
	1918-19.	1919-20.
Madras	+7·00	+1·00
Bombay	−5·93	+13·55
Bengal	+4·28	+4·50
United Provinces	+3·25	+1·75
Punjab	...	+6·99
Burma	+6·50	+2·63
Bihar and Orissa	...	+·25
Central Provinces	+·64	+·44
Total	+15·74	+31·11

(*c*) *Special recurring grants for Education.*

225. The increase of R75,000 in the Budget estimate for 1919-20 over the Revised for 1918-19 is nominal; the grants of R25,000 for a training college for male teachers of the domiciled community in Madras and of R50,000 to the Punjab for the Government training class at Sanawar, which were allotted as non-recurring grants in previous years out of the recurring appropriation of R30 lakhs for the improvement of the pay and training of teachers, will, with effect from 1919-20, be replaced by recurring assignments of R50,000 to Madras and R25,000 to the Punjab. *Budget, 1919-20.*

(*d*) *Assignments in connection with taxation scheme of 1919-20.*

Budget, 1919-20.

226. An assignment of R69·35 lakhs in favour of Provincial revenues has been entered in the Budget estimate for 1919-20 to compensate them for their share of the loss of income-tax revenue as the result of the raising of the assessable limit of income and the imposition of an excess profits duty—*vide* paragraph 42. The amounts of assignments to be adjusted in the accounts for 1919-20 will be calculated with reference to the actual loss of income-tax revenue. The total of R69·35 lakhs shown in the Budget is distributed among the provinces as follows:—

(Lakhs of rupees.)

Madras	6·05
Bombay	19·75
Bengal	26·25
United Provinces	5·55
Punjab	4·30
Burma	3·20
Bihar and Orissa	2·30
Central Provinces	1·55
Assam	·40
Total	69·35

(*e*) *Grant for technical and agricultural education.*

Revised, 1918-19.

227. As promised in paragraph 5 of Sir William Meyer's Budget speech on the 22nd March 1918, a supplementary allotment of R30 lakhs for technical and agricultural education was made during the course of the current year and distributed among the provinces as follows:—

Lakhs of rupees.

	Technical education.	Agricultural education.
Madras	·75	3·50
Bombay	1·00	2·18
Bengal	...	1·80
United Provinces	3·75	3·20
Punjab	1·50	4·14
Burma	·50	4·00
Bihar and Orissa	·65	·50
Central Provinces	·55	1·68
Assam	·30	...
	9·00	21·00

Provision for the appropriation of R30 lakhs has been made under the head Education in the Budget estimates for 1919-20—*vide* paragraph 104.

(*f*) *Non-recurring grants under the terms of the Provincial settlements.*

Revised, 1918-19.

228. The Revised estimate represents assignments of R19·25 lakhs to Bombay and R23·70 lakhs to the United Provinces to make up the shortage in the Provincial share of land revenue below the guaranteed minimum.

(*g*) *Non-recurring assignments for Education.*

229. The following contributions will be paid for Provincial expenditure from the undistributed balance of the recurring appropriation of ₹184 lakhs made from Imperial revenues in recent years for expenditure on education (exclusive of the ₹30 lakhs grant for technical and agricultural education) :— *Revised, 1918-19. Budget, 1919-20.*

	Lakhs of rupees.	
	1918-19.	1919-20.
(1) Additional grant to the Dacca University . .	1·00	...
(2) Contribution in aid of research work by Dr. Sir J. C. Bose	·38	·38
(3) Grant to the Hindu University, Benares . .	1·00	...
(4) Contribution for the Government training class at Sanawar (in the Punjab)	·50	...
(5) Contribution for a training college for male teachers of the domiciled community in Madras.	·25	...
(6) Contribution to Bihar and Orissa for construction of quarters for the teachers of the Pusa High School	·03	...
(7) Contribution to an institution for married Hindu ladies in Bombay	·01	...
Total .	3·17	·38

(*h*) *Non-recurring grants for Sanitation.*

230. The following allotments have been sanctioned during the current year from the undistributed balance of the special recurring appropriation of ₹51 lakhs made from Imperial revenues in recent years for the improvement of sanitation :— *Revised, 1918-19.*

	Lakhs of rupees.
(1) For the improvement of pilgrim centres in Madras (1·50), Bombay (1·00), United Provinces (1·00), and Bihar and Orissa (1·00)	4·50
(2) To the United Provinces, for sanitary improvement of the pilgrim route to Badrinath and Kedarnath . . .	1·00
(3) To Madras for anti-malarial work	·50
Total .	6·00

(*i*) *Non-recurring grants for Agriculture and allied objects.*

231. A sum of ₹2·30 lakhs representing the unutilised balance of the profits from the wheat scheme of 1915 has been allotted to the following provinces in the Revised estimate for 1918-19 for expenditure on agriculture and allied objects :— *Revised, 1918-19.*

	Lakhs of rupees.
Bombay	·50
United Provinces	·50
Punjab	·55
Bihar and Orissa	·50
Central Provinces	·25
	2·30

(*j*) *Miscellaneous non-recurring grants.*

Revised, 1918-19.
Budget, 1919-20.

232. The following are the details of the miscellaneous non-recurring grants which will be given in the two years :—

	Lakhs of rupees.	
	1918-19.	1919-20.
(1) Contribution towards the cost of Kuki operations in Burma and Assam	29·89	12·00
(2) Contribution to meet provincial expenditure in Burma and Assam in connection with the administration of the North-East Frontier . .	16·51	22·61
(3) Contribution towards expenditure on war boards in various provinces	7·10	·04
(4) Grant to the United Provinces for the acquisition of land for rewarding Indian soldiers who have distinguished themselves in the war . .	5·22	...
(5) Assignments to Bengal towards repairs to the "Belvedere" (1·07), and loss by exchange on the purchase of Java quinine (1·75)	2·82	...
(6) Assignments to several provinces to meet the cost of provincial Directors of Civil Supplies . .	3·02	4·09
(7) Assignment to Bihar and Orissa for the European Lunatic Asylum at Ranchi	2·03	·10
(8) Contribution to the Punjab to meet a moiety of a grant for the completion of the Khalsa College, Amritsar	1·50	...
(9) Yearly instalments of the contribution to the Calcutta Improvement Trust for a period of 60 years from 1911-12	1·50	1·50
(10) Increase in the assignment to the United Provinces in connection with the remission of appropriations from cesses	...	·86
(11) Grant to the Chittagong Port in aid of dredging and revetment operations	·75	4·00
(12) Grant to the United Provinces for tank restoration works, out of the special provision made in the Imperial Budget under Minor Irrigation Works for the improvement of irrigation . . .	·54	...
(13) Assignment to Madras for a period of five years on account of a sugarcane station . . .	·44	·44
(14) Further assignment to Bihar and Orissa in respect of High Court buildings at Bankipur . .	·43	·03
(15) Assignments from Provincial revenues in connection with the change in classification of the cost of a portion of the public works accounts establishment	—4·00	—4·00
(16) Miscellaneous adjustments, representing mainly refund of expenditure undertaken on behalf of the Imperial Government or of Provincial revenue erroneously credited as Imperial . .	1·00	·38
Total .	68·75	42·05

CAPITAL EXPENDITURE ON RAILWAYS AND IRRIGATION AND OTHER WORKS NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

233. In the Budget for 1918-19, a sum of ₹630·35 lakhs was allotted for expenditure on railway construction for which the Government of India undertake financial responsibility. During the course of the year an additional grant of ₹37·62 lakhs was sanctioned, thus raising the total grant to ₹667·97 lakhs. The expenditure of the year is now estimated at ₹660·47 lakhs. For 1919-20 a grant of ₹26·55 crores has been provided, of which ₹18·38 crores is for rolling stock. *Revised, 1918-19.*

234. The distribution of the total expenditure on Railway construction between State and Companies' agency in each of the three years from 1917-18 to 1919-20 is as follows :— *Budget, 1919-20.*

		1917-1918. Accounts.	1918-1919. Budget.	1918-1919. Revised.	1919-1920. Budget.
1. 48.—State Railways—Construction.					
(*a*) India	₹	4,69,80,467	4,41,22,000	5,55,10,000	13,59,00,000
	£	3,132,031	2,941,400	3,700,700	9,060,000
(*b*) England	£	439,432	763,000	603,400	7,310,500
Total	£	3,571,463	3,704,400	4,304,100	16,370,500
2. Capital Account of Indian Railway Companies.					
(*a*) India	₹	—2,01,22,568	—45,52,000	—69,02,000	—2,88,07,000
	£	—1,341,504	—303,400	—460,100	—1,920,500
(*b*) England	£	299,398	801,300	559,200	3,250,000
Total	£	—1,042,106	497,900	99,100	1,329,500
Total of Programme	£	2,529,357	4,202,300	4,403,200	17,700,000

The following outlay in England on account of purchased lines worked by Companies is included in the Indian figures under outlay on State lines ;—

	385,259	929,300	961,400	7,439,500

235. The details of the Budget grant for 1919-20 are shown below :—

[Lakhs of rupees.]

	Open Line.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
I. 48.—State Railways—Construction—					
State Railways—					
1. North-Western :—					
(i) Main line	354·39	63·27	417·66	...	...
(ii) Laki-Pezu Tank	...	1·25	1·25	...	...
(iii) Nushki-Dalbandin	...	6·00	6·00	...	...
(iv) Dalbandin-Mirjawa	...	...	...	32·00	...
(v) Tank Murtaza Extension	...	...	...	6·42	...
2. Eastern Bengal System :—					
Open line	112·88	69·13	182·01	...	...
3. Oudh and Rohilkhand :—					
Main line	68·60	6·73	75·33	...	...
4. Jodhpur-Hyderabad (British Section)	...	0·32	0·32	...	...
Remittance lines.					
5. Assam-Bengal :—					
(i) Open line	55·98	7·75	63·73	...	...
(ii) Bhairab Bazar-Tangi (Open Section)	...	·53	·53	...	...
(iii) " " " (Re-alignment at Bhairab-Bazar).	...	·50	·50	...	...
6. Bengal-Nagpur :—					
(i) Main line	156·74	61·37	218·11	...	...
(ii) Parvatipur-Singapur Road	...	...	...	0·15	...
(iii) Onlajori-Badampahar Branch	...	...	...	16·50	...
7. Bezwada Extension	...	0·22	0·22	...	...
8. Bombay, Baroda and Central India :—					
Main line	82·65	86·02	168·67	...	...
9. Burma Extensions :—					
(i) Open line	0·34	0·50	0·84	...	...
(ii) Southern Shan States	...	0·25	0·25	3·00	...
(iii) Pyinmana Magwe	...	...	...	2·00	...
10. Dhone-Kurnool	...	0·05	0·05	...	...
11. East Indian :—					
Open line	179·91	143·53	323·44	...	...
12. Great Indian Peninsula System :—					
(i) Main line	250·99	123·16	374·15	...	...
(ii) Itarsi-Nagpur, etc.	...	...	...	3·65	...
(iii) Agra-Delhi Chord	...	·78	·78	...	...
(iv) Bhopal-Itarsi	...	·27	·27	...	...
(v) Cawnpur-Banda	...	·62	·62	...	...
13. South Indian System—					
(i) Main line	90·04	19·03	109·07	...	...
(ii) Coonoor-Ootacamund	1·75	·05	1·80	...	...
(iii) Tinnevelly-Quilon—British Section	4·88	·01	4·89	...	...
(iv) Do. Native State Section	5·67	·02	5·69	...	...
14. Tirhoot and extensions :—					
Open line	22·94	9·10	32·04	...	...
15. Undistributed liabilities	302·87	32·50	335·37	...	...
16. Reserve	...	55·76	55·76	12·50	...
	1690·63	658·72	2379·35	76·22	...
II.—Capital Account Outlay of Indian Railway Companies :—					
1. Burma	33·81	5·18	38·99	...	...
2. Lucknow-Bareilly	2·68	3·16	5·84	...	...
3. Madras and Southern Mahratta :—					
Open line	110·52	44·08	154·60	...	...
	147·01	52·42	199·43	...	
Total	1837·64	741·14	2578·78	76·22	...

The bulk of the programme grant for 1919-20 will be devoted to the improvement of open lines of railway.

236. The figures in the table in paragraph 234 do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor that on Branch Line Companies. Including this outlay, and also some small expenditure from Provincial revenues, the total expected outlay on railway construction in the three years ending 1919-20 is as follows:—

	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	₹	₹	₹
Total as in table in paragraph 234 .	3,79,40,366	6,60,47,000	26,55,00,000
Famine Protective lines . . .	—299	—5,000	...
Branch lines	52,19,428	24,29,000	25,48,000
Provincial State lines	—11,493	92,000	76,000
Grand total in rupees .	4,31,48,002	6,85,63,000	26,81,24,000
Grand total in sterling at ₹15 to the £ .	2,876,533	4,570,900	17,874,900

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

237. The figures are—

	Accounts, 1917-18.	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
Total in Rupees	55,94,877	70,00,000	38,61,000	65,00,000
Equivalent in Sterling . .	372,991	466,700	257,400	433,300

Revised, 1918-19.

238. The expenditure in 1918-19 is expected to fall short of the Budget by R31·39 lakhs. There will be a lapse of about R13 lakhs in the allotments for works in operation owing to the postponement of remodelling, training and drainage works on the Lower Jhelum and Lower Chenab canals in the Punjab and the Upper Swat and Kabul River canals in the North-West Frontier Province, delay in the completion of works on the other canals in the Punjab owing to labour and transport difficulties, and credits received for the sale of tools and plant to the Military Department in the same province; partly set off by an increase of outlay on the permanent head works of the Ganges canal in the United Provinces as the credits assumed in the Budget for the sale of tools and plant have not been realised in the current year in consequence of delay in the completion of the works. There will also be a saving of about R17 lakhs in the grant for works under construction, due to the curtailment of works on the Mahanadi and other canals in the Central Provinces, and slower progress on the Toludur project in Madras and the Ye-u canal in Burma. The reserve provision of R88,000 included in the Budget will lapse.

Budget, 1919-20.

239. The Budget grant for 1919-20 has been fixed at R65 lakhs or about R26½ lakhs more than the probable expenditure in 1918-19, after due consideration of the requirements of the various canals under construction most of which are nearing completion. The following table shows the distribution of expenditure in 1918-19 and the grant for 1919-20 :—

Name of Project.	Expenditure in 1918-19.	Expenditure in 1919-20.
	R	R
Works in operation—		
Upper Swat River Canal	—13,000	4,94,000
Kabul River Canal	34,000	52,000
Godavari Delta System	1,87,000	1,34,000
Kistna Delta System	68,000	28,000
Begari Canal	1,16,000	25,000
Eastern Nara Works	1,03,000	2,47,000
Dun Canals	30,000	76,000
Ganges Canal, including Mat and Hathras branches and permanent headworks	4,56,000	—3,90,000
Upper Bari Doab Canal	37,000	1,00,000
Sirhind Canal	1,37,000	2,00,000
Lower Chenab Canal	17,000	5,00,000
Lower Jhelum Canal	2,72,000	6,50,000
Upper Jhelum Canal	1,70,000	96,000
Upper Chenab Canal	1,10,000	3,60,000
Lower Bari Doab Canal	2,50,000	4,70,000
Shwebo Canal	1,00,000	49,000
Works under construction—		
Toludur Project	1,80,000	2,00,000
Ye-u Canal	3,19,000	5,05,000
Mahanadi Canal	8,60,000	13,92,000
Wain Ganga Canal	2,59,000	2,36,000
Other Projects	1,69,000	4,45,000
Reserve Provision	...	6,31,000
TOTAL R	38,61,000	65,00,000
Equivalent in Sterling £	257,400	433,300

Of the total grant of R65 lakhs, about R28 lakhs will be allotted to canals under construction; R31 lakhs are required for the completion and development of canals in operation, and the balance of R6 lakhs will be held in reserve to meet unforeseen requirements.

240. The figures mentioned above do not include expenditure on Protective Irrigation Works, whether financed from the Famine Insurance grant or from ordinary revenues outside that grant. Including this outlay, and also some small expenditure on works which were orginally classed as productive but have since ceased to belong to that class, the total expected outlay on the construction of irrigation works in the three years ending 1919-20 is as follows :—

	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	R	R	R
Outlay on Productive Irrigation Works . .	55,94,877	38,61,000	65,00,000
Outlay on Protective Irrigation Works met from Famine Insurance grant.	49,21,376	46,56,000	52,12,000
Outlay on Protective Irrigation Works outside the Famine Insurance grant.	...	...	...
Other outlay from ordinary revenues . .	63,071	9,000	78,000
Total R .	1,05,79,324	85,26,000	1,17,90,000
Equivalent in Sterling £	705,288	568,400	786,000

INITIAL OUTLAY ON THE NEW CAPITAL AT DELHI.

241. The figures are :—

	Accounts, 1917-18.	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
Total in Rupees . . .	37,58,141	40,00,000	43,00,000	45,00,000
Equivalent in Sterling . . £	250,543	266,700	286,700	300,000

Revised, 1918-19.

242. The expenditure in the current year will amount to R43 lakhs or R3 lakhs more than the Budget. The distribution of the expenditure now anticipated is as follows :—

	(In lakhs of R)
(1) Works Expenditure	40·18
(2) Establishment and miscellaneous charges . . .	2·82
Total .	43·00

Of the works expenditure about R3½ lakhs are being spent on preliminary work; R1½ lakhs on the purchase of tools and plant and other stores; about R7 lakhs on sanitation; about R23½ lakhs on work on the Government House and the Secretariat and the construction of certain residential and other buildings; and about R3 lakhs on the maintenance of works during construction.

Budget, 1919-20.

243. The provisional distribution of the Budget estimate of R45 lakhs in 1919-20 is given below—

	(In lakhs of R)
(1) Works expenditure	39·05
(2) Establishment and miscellaneous charges	5·95
Total .	45·00

Of the grant of R39 lakhs for works outlay, R3 lakhs will be devoted to preliminary work and the further purchase of tools and plant and other stores. A sum of R8 lakhs will be spent on sanitation, R4 lakhs on the maintenance of works during construction, and R20 lakhs will be applied mainly to the construction of buildings on which work has already been commenced.

WAYS AND MEANS.

HOME TREASURY.

244. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues; and if such payments represented the only transactions, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways and irrigation works, however, necessitates heavy borrowing, and a large portion of the money required has, when practicable, been raised in England, either direct or through the agency of Companies. A further complication is introduced by the practice under which all payments made in England to Railway Companies working purchased lines, for purchase of stores and other capital purposes, as well as all moneys raised by them, and paid into the Home treasury, are brought to account under the appropriate heads in this country, and are treated in the Home accounts and estimates as remittances to or from India, respectively. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home treasury without affecting ordinarily the general Ways and Means programme.

245. The items mentioned in the preceding paragraph constitute the bulk of the transactions of the Home treasury in normal years. The conditions created by the war have led to certain abnormal transactions which have affected the Ways and Means position to a continually increasing extent from 1915-16 onwards. Large sums are being received in England from the Imperial Government in repayment of expenditure incurred on their behalf in India. These indirect remittances from India have very largely increased the resources of the Home treasury and reduced the need for direct remittances by Councils to finance its requirements.

246. The following are the details of the transactions appearing in the Budget and Revised estimates of the Home treasury for 1918-19 and in the Budget estimate of 1919-20.

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
RECEIPTS.			
Capital raised and deposited by Railway Companies—	£	£	£
For Capital outlay	2,000	47,100	22,000
*For discharge of debentures	...	...	3,576,400
Deposits and Advances—			
Gold Standard Reserve	28,008,300	31,778,500	39,303,800
*Paper Currency Reserve	91,479,300	115,584,100	108,295,100
*Paper Currency Reserve Depreciation Fund	1,481,000	763,500	274,900
*War transactions: Recoveries from War Office	1,774,400	2,075,900	400,000
Special Reserve	13,998,100	22,797,900	6,940,000
Other items	751,400	1,253,300	860,700
Remittance Account between England and India—			
Railway transactions (capital)	...	...	510,000
Ditto (capital advance)	6,500	22,700	7,000
War transactions: Recoveries from War Office	73,834,000	92,546,000	40,650,000
„ recoveries from other authorities	6,020,000	7,285,600	1,667,000
Other transactions	5,347,500	9,851,700	5,021,000
Total Receipts, excluding Council Bills and Loans	222,702,500	284,006,300	207,527,900
DISBURSEMENTS.			
Excess of Expenditure over Revenue	20,482,300	20,796,700	21,570,400
Capital Expenditure not charged to Revenue—			
Outlay on State Railways, Irrigation Works and Delhi	791,700	607,200	7,392,300
Outlay of Railway Companies	803,300	606,300	3,272,000
*Payments to Railway Companies for discharge of debentures	2,374,900	1,531,900	3,576,400
Permanent Debt discharged	20,500,000	33,915,000	8,900,000
Deposits and Advances—			
Gold Standard Reserve	28,008,300	31,778,900	39,303,800
*Paper Currency Reserve	91,479,300	115,584,100	108,295,100
*Paper Currency Reserve Depreciation Fund	1,481,000	763,500	274,900
Special Reserve	13,998,100	9,787,600	...
*War transactions—outlay recoverable from War Office	1,767,400	2,058,800	400,000
Other transactions	828,200	887,600	1,197,200
Remittance Account between England and India—			
Railway transactions (capital)	250,000	...	510,000
Ditto (capital advance and revenue)	984,600	1,032,500	7,495,100
War transactions—outlay recoverable from War Office	5,834,000	10,116,000	1,650,000
Purchase of silver	12,000,000	44,000,000	12,000,000
Reverse Transfers	...	5,425,000	...
Transfer from the Home Treasury Balances for investment in the Paper Currency Reserve in England	16,347,000	6,333,300	...
Other transactions	3,524,100	8,855,900	6,222,200
Total Disbursements	221,454,200	294,030,300	222,059,400
NET DISBURSEMENTS	—1,248,300	10,024,000	14,531,500
Financed as follows—			
Council Bills	...	6,599,200	12,250,000
Reduction of cash balance	—1,248,300	3,424,800	2,281,500
Total	—1,248,300	10,024,000	14,531,500
Opening Balance	(a)15,781,100	(b)16,625,400	(c)13,200,600
Closing Balance	(a)17,029,400	(c)13,200,600	(c)10,919,100

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and corresponding disbursement in each case are generally equal, they do not affect the Ways and Means of the year to any material extent.

(a) Of these amounts £6,000,000 represents funds of the Gold Standard Reserve.
(b) Of this amount £6,000,500 represents funds of the Gold Standard Reserve.
(c) Of these amounts £6,000,100 represents funds of the Gold Standard Reserve.

247. The table in paragraph 246 shows that there will be a net disbursement of £10,024,000 from the Home treasury in 1918-19, and that the receipts from Council Bills drawn against treasury balances in India will amount to £6,599,200. There will thus be a deficiency of £3,424,800 which will be met by a reduction of the cash balance of the Home treasury from £16,625,400 at the beginning of the year to £13,200,600 at its end. *Revised, 1918-19.*

248. The transactions of the Home treasury in the current year are inflated by the following large special items :—

(*i*) There will be a net recovery of £86,355,300 from His Majesty's Government on account of disbursements connected with war requirements made on their behalf in India, and a sum of £3,360,300 will be recovered on the same account from the East African Protectorate.

(*ii*) A sum of £33,415,000 will be paid to His Majesty's Government from the proceeds of the war loan raised in India in the current year, and payments amounting to £25 and 19 millions respectively will have to be made for silver obtained from America under the Pittman Act and purchases by the Secretary of State in the market.

(*iii*) Sterling drafts issued in India involve a disbursement of £5,425,000, while the Secretary of State has had to invest a sum of £6,333,300 in British treasury bills on behalf of the Paper Currency Reserve in order to afford assistance to treasury balances in India.

(*iv*) It will be necessary for the Secretary of State to withdraw £13,060,300 from the Special Reserve (*vide* paragraphs 34—35 of the Finance Member's speech introducing the Financial Statement for 1918-19) before the close of the current year in order to meet the disbursements mentioned above.

The foregoing items result in a net receipt of £13,602,600, and eliminating both from the Budget and Revised estimates for the current year the figures relating to the above special items, the net disbursements from the Home treasury in respect of transactions of a more normal character will stand at £23,626,600 in the Revised against £24,424,700 in the Budget. The improvement of £798,100 is the net result of the following variations from Budget anticipations :—

	£
(*i*) Increased recovery in respect of money orders issued on India by other countries. (The issues of money orders on India continued on an abnormal scale during the greater part of the current year)	1,810,000
(*ii*) Increase in proceeds of British treasury bills deposited in London on account of subscriptions to the Indian war loan	634,300
(*iii*) Smaller discharge of railway debentures . . .	1,093,000
(*iv*) Excess in net receipts from enemy ships employed under the control of the India Office	350,900
(*v*) Savings in total grants for capital expenditure on railways, irrigation works and Delhi (inclusive of the net outlay of the various railway companies)	394,500
Total increase in receipts or decrease in outgoings .	4,282,700
(*vi*) Excess in net expenditure chargeable to revenue . .	314,400
(*vii*) Payments for Australian wheat purchased for India .	1,215,000
(*viii*) Payment to Imperial Bank of Persia for funds supplied for military requirements in Persia and Mesopotamia .	1,950,000
(*ix*) Deterioration under miscellaneous deposit and remittance transactions	5,200
Total decrease in receipts or increase in outgoings .	3,484,600
Net improvement .	798,100

249. The total drawings of Council bills on India in 1918-19 are expected to amount to £20,946,300. Of this sum, £6,599,200 will be utilised as stated in paragraph 247 above, to meet the disbursements of the Home treasury, while £14,347,100 will be appropriated to the Paper Currency Reserve for investment in British treasury bills.

The figures for the cash balance of the Home treasury mentioned in paragraph 247 above include in each case a sum of about £6 millions held on account of the Gold Standard Reserve; if this sum be excluded the balance at the end of 1918-19 is now estimated at about £7·2 millions against a Budget forecast of £11 millions.

1918-19 Capital raised and deposited by Railway Companies.

250. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows:—

	Budget, 1918-19.	Revised, 1918-19.
RECEIPTS.	£	£
Miscellaneous—		
Transfer fees, etc.	2,000	47,100
ISSUES.	£	£
For discharge of debentures	2,374,900	1,531,900
For capital outlay, *i.e.*, stores, establishment charges, etc.	803,300	606,300
TOTAL	3,178,200	2,138,200

251. The Budget estimate provided for the discharge of £2,374,900 debentures of the Assam-Bengal, Bengal-Nagpur, Madras and Southern Mahratta and Rohilkund and Kumaon Railway Companies. Of these, debentures to the value of £1,531,900 have been discharged, and the remainder of the value of £843,000 will either be renewed or replaced by fresh capital.

1918-19. Railway remittances.

252. The following are the details of the Railway remittance transactions. As already explained, they occur almost wholly in connection with the capital account of the purchased lines worked by companies:—

	Budget, 1918-19.	Revised, 1918-19.
RECEIPTS.	£	£
Miscellaneous—		
Transfer fees, etc.	6,500	22,700
ISSUES.		
Advances for purchase of stores—		
East Indian Railway	355,300	263,400
South Indian Railway	168,700	68,000
Bengal and North-Western Railway	21,000	62,500
Great Indian Peninsula Railway	209,800	349,400
Bombay, Baroda and Central India Railway (including Rajputana-Malwa Railway)	181,000	240,800
TOTAL	935,800	984,100
Discharge of Debentures—		
South Indian Railway	250,000	...
Miscellaneous payments—		
East Indian Railway: rental paid to South Behar Railway Company	30,000	30,000
Rohilkund and Kumaon Railway: Interest on debenture stock allocated to state works	18,800	18,400
TOTAL ISSUES	1,234,600	1,032,500

253. The Budget estimate contemplated the discharge of £250,000 debentures of the South Indian Railway Company maturing during the year ; they have however now been renewed.

254. In accordance with the Budget programme £500,000 India bonds have been discharged in the current year. A sum of £42,315,000 is payable to His Majesty's Government on account of the proceeds of the second Indian war loan converted at the rate of 1*s.* 6*d.* per rupee; it is expected that £33,415,000 will be paid in the current year and provision for the payment of the balance has been included in the Budget estimates for 1919-20.

255. The Budget estimate for 1919-20 provides for a net disbursement of £14,531,500. It includes however the following special items :— *Budget, 1919-20.*

(*i*) A recovery of £40,292,000 from His Majesty's Government on account of disbursements in India on their behalf and a similar recovery of £375,000 from the East African Protectorate.

(*ii*) Payments of £12 millions for silver and £8,900,000 to His Majesty's Government being the balance due in respect of the proceeds of the second war loan floated in India.

(*iii*) A provision of £18 millions for railway capital outlay.

(*iv*) A receipt of £6,940,000 by withdrawal from the Special Reserve for financing the railway capital programme.

256. If we eliminate the figures relating to these special transactions from the current years' Revised and from next year's Budget, and in the case of the Revised also those relating to transfers through Currency and sterling transfers, we are left with a net disbursement for 1919-20 of £23,238,500 as compared with £21,502,600 now expected in 1918-19. The net increase of £1,735,900 in the disbursements for 1919-20 is the result of the following variations :—

	£
(*i*) Repayment of assets of hostile firms held in deposit in India	2,350,000
(*ii*) Reduction in receipts in respect of money orders issued on India by other countries	1,810,000
(*iii*) Increase in net expenditure chargeable to revenue	773,700
(*iv*) Absence in 1919-20 of the special receipts in the current year in connection with the deposit of British treasury bills for subscriptions to the Indian war loan	718,300
(*v*) Deterioration in other items, mainly miscellaneous deposit and remittance transactions	65,800
Total increase in outgoings or decrease in receipts	5,717,800
(*vi*) Decrease in outgoings due to the omission of the provision for discharge of railway debentures and India bonds and for payment to the Imperial Bank of Persia included in the estimates for the current year	3,981,900
Net deterioration	1,735,900

257. Of the net disbursement of £14,531,500 referred to in paragraph 255 it is proposed to meet £12,250,000 by Council Bills and the balance of £2,281,500 by a reduction of the cash balances of the Home treasury, which are estimated to stand on the 31st March 1920 at £10,919,100 inclusive of £6,000,100 held on behalf of the Gold Standard Reserve.

258. The details working up to the increase of £7,637,200 in the net payments to Railway Companies shown in the table in paragraph 246 are given below :—

	Revised, 1918-19.	Budget, 1919-20.
	£	£
RECEIPTS—		
Capital deposits by Railway Companies—		
For capital outlay	47,100	22,000
For discharge of debentures	...	3,576,400
Remittance account between England and India—		
Railway transactions	22,700	517,000
Total receipts	69,800	4,115,400
DISBURSEMENTS—		
Capital expenditure not charged to Revenue—		
Outlay of Railway Companies	606,300	3,272,000
Payments for discharge of debentures	1,531,900	3,576,400
Remittance account between England and India—		
Railway transactions	1,032,500	8,005,100
Total disbursements	3,170,700	14,853,500
NET DISBURSEMENTS	3,100,900	10,738,100
Increase		7,637,200

Loans, 1919-20.

259. Provision has been made in the Budget for the discharge of our liability in respect of the British War Loan (1929-47) to the extent of £8·9 millions by payment to His Majesty's Government of the balance of the proceeds of the war loan floated in India in the current year.

1918-19 and 1919-20.

Gold Standard Reserve.

260. The following are the details of the transactions of the Gold Standard Reserve in England :—

	1918-19.		1919-20.
	Budget.	Revised.	Budget.
	£	£	£
RECEIPTS.			
(*a*) Dividends on investments, discount on treasury bills, interest on loans at short notice, etc.	1,472,400	1,399,600	1,597,100
(*b*) Exchequer Bonds, British treasury bills and Colonial Government securities, etc., paid off	26,535,900	30,378,900	37,706,700
Total	28,008,300	31,778,500	39,303,800
CHARGES.			
Investments made	28,008,300	31,508,900	39,303,800
Transfer to Home treasury balances	...	270,000	...
Total	28,008,300	31,778,900	39,303,800

261. The following statement shows the transactions and balances of the fund in the two years in England and India taken together :—

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
	£	£	£
OPENING BALANCE—			
(*a*) Invested (cost price) . . .	28,776,200	28,776,700	29,906,700
(*b*) Uninvested—			
(1) Cash in the Home treasury placed at short notice . .	6,000,000	6,000,500	6,000,100
(2) Amount due to treasury balances in India . .	...	—270,000	...
	34,776,200	34,507,200	35,906,800
CLOSING BALANCE—			
(*a*) Invested (cost price) . .	30,248,600	29,906,700	31,503,800
(*b*) Uninvested—			
Cash in the Home treasury placed at short notice.	6,000,000	6,000,100	6,000,100
	36,248,600	35,906,800	37,503,900
Difference between opening and closing balances representing Interest, etc., on investments in England (*vide* paragraph 260)	1,472,400	1,399,600	1,597,100

262. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies (omitting transfer fees, etc.), included in the estimates for 1918-19 and 1919-20 :— *1918-19 and 1919-20. Summary of Debt transactions and Capital account of Railway Companies.*

	Budget, 1918-19.	Revised, 1918-19.	Budget, 1919-20.
RECEIPTS.	£	£	£
Council Bills	...	6,599,200	12,250,000
Receipts on account of the Subscribed Capital of Railway Companies	...	...	3,576,400
Receipts on account of the Debenture Capital of Railway Companies working purchased Railways	...	...	510,000
OUTGOINGS.			
Sterling drafts paid . . .	...	5,425,000	...
Permanent Debt discharged .	20,500,000	33,915,000	8,900,000
Discharge of Railway Companies' Debentures (inclusive of Debentures of Companies working purchased lines) .	2,624,900	1,531,900	4,086,400

The amount entered in the estimates for drawings of Council Bills is subject to the usual reservation that the Secretary of State retains full liberty to vary the programme to any extent that may be considered necessary during the course of the coming year.

INDIA.

263. The following is a summary of the Estimates of Ways and Means in India during 1918-19 and 1919-20 :—

	Budget Estimate, 1918-1919.		Revised Estimate, 1918-1919.		Budget Estimate, 1919-1920.	
	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.
Receipts.	R	£	R	£	R	£
1. Excess of Revenue over Expenditure charged to Revenue	34,59,57,000	23,063,800	24,34,28,000	16,228,500	33,35,86,000	22,239,000
2. Capital raised through Companies towards outlay on State Railways	—37,50,000	—250,000	...	...	...	...
3. Capital contributed by Indian States towards outlay on State Railways	5,00,000	33,300	...	...	...	...
4. Unfunded Debt incurred—						
(a) Post Office Cash Certificates.	...	...	—62,00,000	—413,300	...	...
(b) Savings Bank deposits (net)	1,82,30,000	1,215,300	7,56,35,000	5,042,400	4,69,56,000	3,130,400
5. Appropriation for Reduction or Avoidance of Debt	83,02,000	553,400	31,000	2,100	...	...
6. Other Deposits and Remittances (net)—						
(a) War Stores—Suspense	1,48,000	9,900	—19,11,37,000	—12,742,500	16,61,87,000	11,079,200
(b) Deposit account with the United States of America.§	4,00,00,000	2,666,700	—4,26,93,000	—2,846,200	8,06,89,000	5,379,300
(c) Other transactions	1,26,99,000	846,700	5,67,000	37,800	—5,52,000	—36,800
7. Remittance account between England and India—						
(a) Transfers through Currency	24,52,05,000	16,347,000	9,50,00,000	6,333,300	...	...
(b) Purchase of Silver	19,42,36,000	12,949,100	61,75,00,000	41,166,700	25,20,00,000	16,800,000
(c) Transactions of Railway Companies (net) excluding debenture capital	1,46,72,000	978,100	1,51,47,000	1,009,800	11,23,22,000	7,488,100
(d) Sterling Transfers	...	...	8,13,75,000	5,425,000	...	...
Total Receipts excluding loans	87,61,99,000	58,413,300	88,86,53,000	59,243,600	99,11,88,000	66,079,200
Disbursements.						
8. Capital Expenditure not charged to Revenue—						
(a) State Railways and Irrigation Works	5,08,97,000	3,393,100	5,93,53,000	3,956,900	14,22,73,000	9,484,800
(b) Initial expenditure on new Capital at Delhi	37,95,000	253,000	42,61,000	284,100	34,00,000	226,700
(c) Outlay by Companies (net)	—45,52,000	—303,400	—69,02,000	—460,100	—2,88,07,000	—1,920,500
9. Permanent Debt discharged (net)	56,60,000	377,300	76,04,000	506,900	56,40,000	376,000
10. Temporary Debt discharged (net)	4,00,00,000	2,666,700	13,97,77,000	9,318,400	22,49,20,000	14,994,700
*11. Provincial surpluses (—) or deficits (+)	—19,70,000	—131,400	—1,46,93,000	—979,500	2,87,74,000	1,918,200
12. Imperial and Provincial Loans (net)	—10,25,000	—68,300	1,97,67,000	1,317,800	1,21,60,000	810,600
13. Remittance account between England and India—						
(a) Capital raised by Railway Companies (net)	—37,50,000	—250,000	...	...	...	...
(b) War Office transactions (net)	102,00,00,000	68,000,000	1,14,75,00,000	76,500,000	58,50,00,000	39,000,000
(c) Transactions on behalf of authorities† other than the War Office (net)	7,76,50,000	5,176,700	9,03,31,000	6,022,100	2,93,30,000	1,955,400
(d) Other transactions (net)	2,42,37,000	1,615,800	3,26,91,000	2,179,400	—4,29,58,000	—2,863,800
‡14. Council Bills	2,90,00,000	1,933,300	12,15,80,000	8,105,400	18,37,50,000	12,250,000
Total Disbursements	123,99,42,000	82,662,800	1,60,12,69,000	106,751,400	1,14,34,82,000	76,232,100
Net Disbursements	36,37,43,000	24,249,500	71,26,16,000	47,507,800	15,22,94,000	10,152,900
Financed as follows:						
*Permanent Debt incurred	30,00,00,000	20,000,000	29,40,30,000	19,602,000	15,00,00,000	10,000,000
Temporary Debt incurred	...	...	37,58,41,000	25,056,100	...	...
Reduction of (+) or addition to (—) Treasury Balances	6,37,43,000	4,249,500	4,27,45,000	2,849,700	22,94,000	152,900
Total	36,37,43,000	24,249,500	71,26,16,000	47,507,800	15,22,94,000	10,152,900
Opening Balance	24,78,39,000	16,522,600	22,98,78,000	15,325,200	18,71,33,000	12,475,500
Closing Balance	18,40,96,000	12,273,100	18,71,33,000	12,475,500	18,48,39,000	12,322,600

* Head (10) represents expenditure defrayed by reduction of Provincial balances.

† These include other Departments of His Majesty's Government than the War Office, the Commonwealth of Australia and the East African Proteotorate.

‡ The figures shown under head (14) differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

§ This head records on one side the credits for silver received from America under the Pittman Act, and on the other payments therefor, whether from the cash balances of the Home treasury, by gold remittances or by rupee payments in India on behalf of the Federal Reserve Bank of New York.

264. In the Budget estimate for 1918-19, the cash balance in the Indian treasuries on the 1st April 1918 was taken at ₹24,78 lakhs. It was estimated that (1) the net Imperial revenue in India would amount to ₹34,60 lakhs, (2) there would be a net receipt of ₹1,82 lakhs under unfunded debt, (3) a sum of ₹83 lakhs would be available from the Famine Insurance grant for the avoidance of debt, (4) a net receipt of ₹10 lakhs would accrue in connection with Imperial and Provincial loans, (5) the remittance and capital transactions of railway companies would result in a net credit of ₹1,47 lakhs, (6) there would be a surplus of Provincial revenue over expenditure amounting to ₹20 lakhs, and (7) a sum of ₹4 crores would be recovered on account of rupee payments made in India in 1917-18 on behalf of the Federal Reserve Bank of New York. *1918-19. Main features of Budget estimates.*

On the other hand, provision was made for: (1) a recoverable outlay of ₹1,02,00 lakhs in connection with the war on behalf of the War Office and a further outlay of ₹7,77 lakhs on behalf of other departments of His Majesty's Government and the East African Protectorate, (2) capital expenditure in India on railways (inclusive of outlay by companies) and canals to the extent of ₹4,63 lakhs, (3) an outlay of ₹38 lakhs on the construction of the new capital at Delhi, (4) the discharge of ₹56 lakhs of permanent, and ₹4,00 lakhs of temporary, debt, (5) a payment of ₹2,90 lakhs on account of Council bills drawn in 1917-18, and (6) a net disbursement of ₹1,09 lakhs on account of miscellaneous deposit and remittance transactions inclusive of capital contributed by Indian States for the construction of State Railways.

The total payments mentioned above aggregate ₹1,23,33 lakhs against a total receipt of ₹43,02 lakhs; the net disbursement of ₹80,31 lakhs was to be met to the extent of ₹30 crores from the proceeds of the war loan to be floated in India in 1918-19, ₹24,52 lakhs from remittances from the Secretary of State through the Paper Currency Reserve and ₹19,42 lakhs from silver shipped by him to India for coinage. The balance of ₹6,37 lakhs was to be found by a reduction of the Indian cash balance which would stand at the end of 1918-19 at ₹18,41 lakhs. The Budget estimates assumed that treasury bills of the value of ₹43½ crores which were issued in 1917-18 and were outstanding at the end of that year would be replaced by fresh bills in the current year.

265. The results, according to the Revised estimate, show considerable variations from this forecast. The year opened with a cash balance which was ₹1,79 lakhs less than Budget anticipations owing to heavier military disbursements in March 1918 than were assumed in the Revised estimate for 1917-18. These disbursements have risen considerably during the current year also, and there was a strong demand during the earlier part of the year for private remittances of funds to India by Council Bills. The drain by the payments of money orders issued by foreign countries on India has also been unusually large especially in the earlier months of the year, while during the later months the failure of the rains over wide parts of the country has necessitated the grant of *takavi* advances on a large scale. On the other hand, the receipts from the second war loan floated in the current year have far surpassed expectations, and remittances from the Secretary of State in the form of silver have been much larger than anticipated in the Budget as the result of the arrangements made with the United States of America for the sale to us of silver from their dollar reserve and of heavy purchases by the Secretary of State in the market. The sales of sterling drafts on London in the latter part of the year have brought in an addition to the cash balances in India, and in spite of the unfavourable agricultural prospects, there has, outside military expenditure, been a substantial improvement in the revenue account, Imperial as well as Provincial. The cash resources in India proved however insufficient to meet the demands on them from about the time of closure of subscriptions to the loan and till we could obtain assistance to the extent required from shipments of silver. It became necessary in the interval to obtain Ways and Means advances aggregating ₹17 crores from the Presidency Banks; these advances have now been fully repaid. But it was necessary in December again to supplement our resources in India by taking power to increase the investments against our note circulation *1918-19. Main features of Revised Estimate.*

by ₹14 crores to a total of ₹100 crores. These further powers have been utilised to the extent of ₹12½ crores, about ₹6 crores being invested in Indian Treasury Bills and the balance in British Treasury Bills. With these additions to our resources we expect to be able, taking the year as a whole, after providing funds for military expenditure in full, and meeting direct remittances to the Home treasury to the extent of ₹12 crores, to discharge ₹6 crores out of the treasury bills issued to the public in 1917-18 and maturing in the current year, and to close the year with a balance of ₹18¾ crores.

266. The net disbursements on account of outlay recoverable from the Home Government (inclusive of sums disbursed on behalf of the East African Protectorate and the Commonwealth of Australia) are now estimated at ₹1,23,78 lakhs against the Budget forecast of ₹1,09,77 lakhs and Council bill payments from Treasury balances will total ₹12,16 lakhs against ₹2,90 lakhs only assumed in the Budget. There will also be a net issue of ₹19·11 crores for cost of military stores, equipment, etc., purchased in advance of requirements and charged to the war stores suspense account; and remittances from the Secretary of State through the Paper Currency Reserve will amount to ₹9,50 lakhs only against ₹24,52 lakhs assumed in the Budget. On the other hand, the proceeds from the war loan inclusive of cash certificates which were taken in the Budget at ₹30 crores will amount to ₹56,44 lakhs, and credits from silver remittances (inclusive of American silver) will total ₹57,48 lakhs against the Budget anticipation of ₹23,42 lakhs, after allowing for payments amounting to ₹16,45 lakhs made in India in the current year on behalf of the Federal Reserve Bank of New York and a remittance of gold to the value of ₹3,08 lakhs in part discharge of the price of the silver obtained from the American Government. There will also be a receipt of ₹8,14 lakhs from the sale of sterling drafts on London. Apart from these items, it is expected that the net transactions in India in the current year will be worse than Budget anticipations by ₹9,12 lakhs. This deterioration is the net result of the following variations:—

[In lakhs of rupees.]

(1) Deterioration in the combined revenue account of the Imperial and Provincial Governments, due mainly to increase in Military expenditure and loss in Land Revenue partly set off by improvements under Railways, Customs and Exchange	8,98
(2) Reduction in amount available from the Famine Insurance grant for the avoidance of debt owing to outlay on relief measures in several provinces	83
(3) Increase in capital expenditure on railways and irrigation works	56
(4) Larger net issues of Imperial and Provincial loans . .	2,08
Total decrease in receipts or increase in outgoings .	12,45
(5) Improvement under Savings Bank Deposits (exclusive of a *pro formâ* adjustment in connection with the transfer to Government of railway provident fund balances) . .	2,34
(6) Improvement under other transactions, mainly miscellaneous deposits and remittances	99
Total increase in receipts or decrease in outgoings .	3,33
Net deterioration .	9,12

267. The improvement under miscellaneous deposit and remittance transactions is the result of a number of variations among which may be mentioned (*a*) increased payments of foreign money orders, (*b*) a larger payment on account of cheques which remained outstanding at the end of 1917-18 owing to the closing days of March 1918 being holidays, and (*c*) a credit adjustment in respect of funds supplied by the Imperial Bank of Persia to military disbursing officers, the repayment to the Bank having been made by the Secretary of State in London.

1918-19, Rupee loans.

268. The total receipts from the second Indian War Loan, subscriptions for which were received from the 3rd June 1918, amounted to R57,06 lakhs inclusive of R5,59 lakhs from the post office section of the loan and R85 lakhs tendered in London in the form of British Treasury bills. The total subscriptions were distributed among the different issues of the loan as follows :—

	(In lakhs of rupees.)
5½ per cent. war bonds 1921	25,61
5½ „ „ 1923	2,04
5½ „ „ 1925	3,97
5½ „ „ 1928	25,44
	57,06

The gross receipts from cash certificates amounted to R3,20 lakhs. Certificates of the value of R3,82 lakhs are expected to be encashed during the current year, the net payment thus amounting to R62 lakhs.

1919-20, Main features of Budget estimates.

269. In 1919-20 the net Imperial revenue is estimated at R33,36 lakhs ; the remittance and capital transactions of railway companies are likely to result in a net credit of R11,23 lakhs ; a net receipt of R4,70 lakhs is anticipated under unfunded debt ; receipts of silver for coinage inclusive of American silver are expected to amount to R33,27 lakhs ; a credit of R16,62 lakhs will be realised from the issue of stores charged to the suspense account for Indian requirements or those of the War Office ; and miscellaneous deposit and remittance transactions will bring in a net receipt of R4,22 lakhs, owing mainly to (*a*) an anticipated reduction with the progress of demobilisation in the cash balances of military disbursing officers in the field and (*b*) recoveries in India of the value of Australian wheat paid for by the Secretary of State, partly set off by (*c*) payments of foreign money orders. On the other hand, provision has been made (1) for a recoverable outlay of R58,50 lakhs to be incurred on behalf of the War Office and of R2,93 lakhs on behalf of other authorities ; (2) for payment of the annual instalment of R12 lakhs for the Gwalior loan of 1887 and the cancellation of R41 lakhs of paper of the 5 per cent war loan 1929-47 by purchases for the sinking fund ; (3) for capital expenditure of R11,35 lakhs on railways and canals and of R34 lakhs on Imperial Delhi ; (4) for discharge of treasury bills of the value of R22,50 lakhs, the value of the bills outstanding at the end of the next year being thus reduced to R21 crores ; (5) for a draft of R2,88 lakhs from Provincial balances and a net issue of R1,22 lakhs under Imperial and Provincial loans ; and (6) for a payment of R18,38 lakhs on account of the Secretary of State's drawings of Council Bills.

The net disbursements of the Government of India next year as shown in the statement in paragraph 263 above aggregate R15,23 lakhs. It is proposed to meet this deficiency by issuing a rupee loan the proceeds of which are estimated at R15 crores, and the cash balance in India on the 31st March 1920 will stand at the standard figure of R18½ crores.

1918-19 and 1919-20.

270. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1918-19 and 1919-20:—

Post Office Savings Banks, etc.

Year.	Securities of Railway Companies' Provident Funds transferred to Government.	Net additions to deposits, cash.	Interest.	Total addition.
1908-09 . . .	...	—26,22,000	54,63,000	28,41,000
1909-10 . . .	...	51,82,000	57,20,000	1,09,02,000
1910-11 . . .	...	1,05,06,000	60,82,000	1,65,88,000
1911-12 . . .	...	1,95,69,000	67,79,000	2,63,48,000
1912-13 . . .	...	1,68,26,000	73,79,000	2,42,05,000
1913-14 . . .	...	2,37,05,000	84,07,000	3,21,12,000
1914-15 . . .	...	—8,35,53,000	78,82,000	—7,56,71,000
1915-16 . . .	...	57,38,000	70,96,000	1,28,34,000
1916-17 . . .	...	1,35,61,000	77,07,000	2,12,68,000
1917-18 . . .	4,05,15,000	40,65,000	94,65,000	5,40,45,000
1918-19 (Revised) .	3,40,00,000	2,89,78,000	1,18,74,000	7,48,52,000
1919-20 (Budget) .	...	3,34,09,000	1,27,83,000	4,61,92,000

271. The Budget estimate assumed that there will be neither a net deposit into, nor a net withdrawal from, Postal Savings Banks in the current year; but owing to a substantial improvement in recent months, it is now expected that the net deposits during the year will amount to R2,10 lakhs. The Budget estimate for 1919-20 provides for a net deposit of R2,50 lakhs into Postal Savings Banks and for a growth of R84 lakhs in the deposits in the various Provident Funds for Government servants and in the similar funds of railway companies recently taken over by Government.

H. F. HOWARD.

The 21st March 1919.

Appendix I.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

Prefatory Note.

I.—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Comptroller and Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay*. The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II.—*Annual Expenditure.*

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the reconstruction of the accommodation of the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in this city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e.*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the pro formâ account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "51—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "48—State Railways."

Item 1 of Part I of *pro formâ* account.

Item 3 (*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Comptroller and Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "45—Civil Works." Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXXI—Civil Works."

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or, secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations, and are eventually published separately, like the figures for Coorg and Baluchistan, in an appendix to the Civil Estimates. But as the Civil Estimates are not published till late in the year, a special arrangement has been made by which the figures for the Delhi province under each major head are separately shewn in the various sections of the Financial Secretary's memorandum. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and, consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department, neither the initial outlay nor the recurring receipts and expenditure have been included.

Items 4 to 7 and I and IV of Part I, and Items 2 and 3 and II to V of Part II of *pro formâ* account.

Item I of Part I.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure in Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXV—Miscellaneous" and "XXXI—Civil Works", and the *pro formâ* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

EXPENDITURE.	Actuals to end of 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
1. DELHI PROJECT: Capital outlay on permanent Delhi chargeable to Head "51" (for details see Statement I-A)	2,63,02	43,00	45,00
2. Temporary Delhi *	54,33	...	...
3. Initial expenditure of non-Civil Departments:—			
(*a*) Military services †	61,99	4,67	6,24
(*b*) Railways ‡	5,56	12	3
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,26	...	...
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	2,03	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	2,15	50	49
7. Miscellaneous items §	3,78	50	53
TOTAL	3,94,12	48,79	52,29

RECEIPTS.	Actuals to end of 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move ‖	...	...	...
II.—Non-recurring receipts on account of Temporary Works	2	...	...
III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi ‖	...	...	...
IV.—Miscellaneous items	1,73	74	74
TOTAL	1,75	74	74

Total Expenditure to end of 1919-20	...	4,95,20
Net expenditure to end of 1919-20		4,91,97

Total receipts to end of 1919-20		3,23

*NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

†NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. Its details are as follows:—

	To end of 1917-18.	Revised 1918-19.	Budget 1919-20.
Acquisition of land	13,10	—	—
Cost of buildings	43,47	3,90	5,48
Establishment charges	3,89	58	66
Tools and Plant	1,53	19	10
TOTAL	61,99	4,67	6,24

‡NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Raya.

§NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Delhi Audit Office and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

‖NOTE 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the prefatory note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus in 1913-14 to 1917-18 the Government of Bengal, by moving their offices into the vacated Imperial buildings in Calcutta, saved R3,38,000, partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Receipts.	Actuals, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
1. Expenditure of Delhi Province * . .	39,42	39,76	36,98	I.—Revenues of Delhi Province*	20,20	21,91	22,66
				II.—Assignment from Punjab Provincial revenues to Imperial on account of the creation of the new Province of Delhi, with effect from the 1st October 1912† .	1,91	1,91	1,91
2. Compensatory assignment to Punjab Provincial revenues in respect of extra expenditure incurred in administering territories which have been transferred from the old Delhi district to the districts of Rohtak and Gurgaon . .	13	13	13	III.—Saving under Calcutta house allowances‡ .	39	41	43
3. Miscellaneous items .	11	11	11	IV.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices.§ . .	2,50	2,50	2,50
Total expenditure .	39,66	40,00	37,22	V.—Miscellaneous items .	3	3	3
Net expenditure .	14,63	13,24	9,69	Total receipts .	25,03	26,76	27,53

* NOTE 1.—The details of this item are given in Statement II-A.

† NOTE 2.—This assignment represents the amount by which the Provincial outlay on the Delhi area exceeded the Provincial revenue obtained therefrom prior to the constitution of the Imperial enclave, *i.e.*, the net expenditure incurred on the area of which the Local Government has now been relieved.

‡ NOTE 3.—The figures shown against item III will be subject to increase as additional offices are successively transferred from Calcutta to Delhi.

§ NOTE 4.—The figure shown against item IV is a minimum figure calculated once for all on the assumption that all offices or protions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been larger owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I.-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of pro formâ *account.*

[Figures in thousands of Rupees.]

Items.	Actuals up to end of 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
A.—Salaries and allowances—			
(*a*) Preliminary Investigation—			
(i) Gazetted officers*	2,04	...	...
(ii) Non-gazetted officers	14	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers*	18,36	2,57	3,83
(ii) Non-gazetted officers	8,15	2,49	2,49
(*c*) Other officers employed on the Project—			
(i) Gazetted officers*	2,53	16	26
(ii) Non-gazetted officers	1,29	26	26
B.—Travelling allowances of Officers and Establishment—			
(*a*) Preliminary Investigation—			
(i) Gazetted officers*	23	...	...
(ii) Non-gazetted officers	2	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers*	1,53	29	33
(ii) Non-gazetted officers	75	22	22
(*c*) Other officers employed on the Project—			
(i) Gazetted officers *	14	2	3
(ii) Non-gazetted officers	5	...	...
C.—Supplies, Services and Contingencies—			
(*a*) Preliminary Investigation	51	...	...
(*b*) Public Works and Electrical officers employed on the Project	1,27	27	27
(*c*) Other officers employed on the Project	31	5	5
D.—Works Expenditure—			
(i) Buildings—			
(1) Government House	10,10	3,29	5,24
(2) Secretariat	20,79	4,10	8,00
(3) Other buildings	38,64	16,34	7,01
(ii) Communications	6,07	1,30	...
(iii) Miscellaneous Public Improvements	2,55	1,27	17
(iv) Electric Light and Power	...	...	...
(v) Irrigation	...	1,19	...
(vi) Sanitation including water-supply, drainage and sewage	5,24	7,12	8,18
(vii) Purchase of tools and plant	33,20	1,32	80
(viii) Stock and Suspense	20,97	28	...
(ix) Miscellaneous items	48,53	3,31	2,13
(x) Maintenance during construction	9,22	3,18	4,00
General Reserve	...	30	6,47
Railway Diversion	...	1	...
Deduct—Probable savings	...	—88	—2,00
E.—Acquisition of land	35,49	—67	5
F.—Other Miscellaneous expenditure	6	...	...
Deduct.—Expenditure chargeable to other departments and receipts on Capital Account treated as reduction of expenditure.	—5,16	—4,79	—2,84
Total	2,63,02	43,00	45,00

* NOTE.—The town planners and other experts are included under this head.

STATEMENT II-A.

Revenue and Expenditure of Delhi Province.

[Figures in thousands of Rupees.]

Receipts.				Expenditure.			
Major heads of Account.	Actuals, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Major heads of Account.	Actuals, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
I.—Land Revenue . .	3,36	2,79	2,99	1. Refunds and Drawbacks . .	16	35	35
II.—Opium . . .	19	19	20	2. Assignments and Compensations	4	5	5
				3. Land Revenue . . .	88	86	88
IV.—Stamps . . .	4,06	4,59	4,59	6. Stamps	8	8	7
V.—Excise . . .	3,27	3,91	3,89	7. Excise	12	12	12
VII.—Customs . . .	17	28	28	10. Income Tax . . .	4	4	4
VIII.—Income Tax . . .	5,90	6,96	6,94	12. Registration	8	9	8
X.—Registration . .	28	30	29	18. General Administration* .	1,00	1,01	1,04
XII.—Interest . . .	31	31	29	19-A. Courts of Law . . .	1,51	1,93	1,53
				19-B. Jails	62	62	67
XVI-A.—Courts of Law . .	20	19	19	20. Police	4,22	4,37	4,29
XVI-B.—Jails . . .	21	11	12	22. Education	2,05	3,12	2,80
				23. Ecclesiastical . . .	16	17	19
XVII.—Police . . .	7	6	6	24-A. Medical	2,07	2,54	2,64
XIX.—Education . . .	16	15	15	24-B. Sanitation	2,06	94	1,31
				25. Political	2	1	1
XXA.—Medical . . .	5	4	4	26-A. Agriculture . . .	15	14	13
XXIB.—Scientific and Miscellaneous Departments.	6	5	5	26-B. Scientific and Miscellaneous Departments.	4	4	1
XXII.—Receipts in aid of Superannuation, etc.	3	5	5	27. Territorial and Political Pensions.	45	45	49
				29. Superannuation and Retired allowances.	2,26	2,22	2,23
XXIII.—Stationery and Printing	11	8	10	30. Stationery and Printing .	14	14	16
XXV.—Miscellaneous . .	48	48	1,07	32. Miscellaneous . . .	62	61	1,04
XXX.—Minor Irrigation Works and Navigation.	1	1	1	43. Minor Irrigation Works and Navigation.	1	1	1
				45. Civil Works { Civil . .	4,66	4,56	2,87
XXXI.—Civil Works { Civil . .	...	1	...	{ Departmenal .	13,86	12,67	12,58
XXXI.—Civil Works { Departmental .	1,28	1,35	1,35	Do. Viceregal Estates in Delhi.	2,18	2,62	1,39
Total Receipts .	20,20	21,91	22,66	Total Expenditure .	39,42	39,76	36,98

* This excludes the proportionate cost of the Delhi Audit Office relating to the Delhi Project which is included in Part I of the *Pro formâ* account under '7—Miscellaneous items'.

Appendix II.

ESTIMATE OF REVENUE AND EXPENDITURE OF THE GOVERNMENT OF INDIA FOR THE YEAR 1919-1920.

No. 1.—ACCOUNT showing the ESTIMATED REVENUE (Imperial and Provincial) compared with the

HEADS OF REVENUE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
Principal Heads of Revenue:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land Revenue	21,70,100	19,20,000	19,52,000	22,06,007	22,51,000	21,20,000	5,94,90,209	5,79,07,000	1
Opium	28,511	31,000	31,000	65,889	90,000	79,000	5,23,025	6,10,000	2
Salt	3,51,00,571	1,29,02,000	57,01,000	...	...	...	1,61,98,441	1,78,41,000	3
Stamps	9,09,269	10,90,000	11,39,000	7,29,270	7,30,000	7,74,000	1,54,23,197	1,60,00,000	4
Excise	31,84,807	40,91,000	43,90,000	4,32,051	5,40,000	7,93,000	4,03,52,100	4,59,32,000	5
Provincial Rates	557	1,000	1,000	1,424	1,000	1,000	...	...	6
Customs	37,911	1,00,000	1,00,000	...	...	...	1,15,02,941	1,05,54,000	7
Income Tax	56,59,291	63,77,000	59,49,000	2,93,688	3,24,000	3,39,000	81,40,709	99,01,000	8
Forest	13,58,020	19,49,000	23,46,000	3,37,711	4,00,000	4,39,000	54,58,489	39,63,000	9
Registration	55,092	60,000	58,000	55,259	55,000	55,000	24,72,459	26,60,000	10
Tributes from Indian States	17,29,547	20,21,000	20,02,000	...	...	...	44,96,519	44,97,000	11
Total	5,02,33,676	3,05,42,000	2,36,69,000	41,27,299	43,91,000	46,00,000	16,40,58,089	16,98,65,000	12
Interest	47,36,396	83,59,000	1,01,92,000	29,740	38,000	36,000	11,86,237	12,92,000	13
Posts and Telegraphs	6,85,25,668	7,96,49,000	8,43,54,000	...	...	...	...	...	14
Mint	24,82,183	66,61,000	55,04,000	...	...	...	...	...	15
Receipts by Civil Depts.:									
Law and Justice	1,94,420	1,01,000	95,000	2,31,838	2,29,000	2,21,000	11,33,641	10,10,000	16
Courts of Law	7,21,897	12,31,000	12,34,000	39,910	46,000	34,000	7,69,942	9,92,000	17
Jails	50,670	49,000	49,000	42,934	44,000	44,000	5,40,124	5,33,000	18
Police	...	...	...	...	...	...	410	1,000	19
Ports and Pilotage	78,042	79,000	79,000	24,357	23,000	35,000	3,54,894	3,79,000	20
Education	17,2:3	16,000	15,000	895	1,000	1,000	1,57,224	2,90,000	21
Medical	2,31,978	1,50,000	1,67,000	...	...	...	15,525	47,000	22
Sanitation	2,77,181	2,77,000	2,81,000	8,042	11,000	11,000	1,88,771	2,31,000	23
Agriculture	1,15,293	2,07,000	1,08,000	155	...	...	18,71,495	17,88,000	24
Scientific and Miscellaneous Depts.	16,86,704	21,10,000	20,28,000	3,48,131	3,54,000	3,46,000	50,32,026	52,71,000	25
Total									
Miscellaneous:									
Receipts in aid of Superannuation, etc.	3,58,377	4,48,000	3,85,000	26,182	26,000	26,000	2,48,614	3,18,000	26
Stationery and Printing	3,77,991	5,94,000	5,00,000	13,882	13,000	13,000	1,83,303	1,77,000	27
Exchange	4,71,77.799	6,60,00,000	1,60,00,000	...	...	...	...	...	28
Miscellaneous	1,34,77,850	1,18,17,000	1,15,63,000	1,60,456	1,35,000	1,51,000	2,89,817	2,88,000	29
Total	6,13,92,017	7,88.59,000	2,84,48,000	2,00,520	1,74,000	1,90,000	7,21,734	7,83,000	30
Railways:									
State Railways (Gross Receipts)	68,74,66,684	76,53,70,000	79,98,50,000	...	...	...	...	...	31
Deduct—Working Expenses	*31,34,57,514*	*36,80,43,000*	*46,38,70,000*	...	...	...	...	...	32
,, Surplus profits paid to Companies, etc.	*1,49,16.062*	*1,90,00,000*	*1,84,00,000*	...	...	...	...	...	33
Net Receipts	35,90,93,108	37,83,27,000	31,75,80,000	...	...	...	...	...	34
Subsidized Companies (Government share of surplus Profits and Repayment of Advances of Interest)	3,52,757	1,51,000	1,50,000	...	...	...	...	...	35
Total	35,94,45,865	37,84,78,000	31,77,30,000	...	...	...	...	...	36
Irrigation:									
Major Works: Direct Receipts	...	...	...	11,73,263	13,31,000	13,39,000	3,19,074	3,26,000	37
Portion of Land Revenue due to Irrigation	...	...	...	94,096	86,000	90,000	1,08,32.923	1,06,47,000	38
Minor Works and Navigation	55,731	59,000	93,000	...	...	...	3,16,870	2,97,000	39
Total	55,731	59,000	93,000	12,67,359	14,17.000	14,29 000	1,14.68,867	1,12,70 000	40
Other Public Works:									
Civil Works	2,22,102	2,05,000	2,01,000	1,74,907	1,73,000	1,73,000	5,06,999	5,36,000	41
Military Receipts:									
Army: Effective	1,40,84,725	1,45,08,000	1,28,39,000	...	...	...	...	...	42
Non-effective	12,67,425	11,07,000	11,08 000	...	...	...	...	...	43
Marine	48,32,333	47,01,000	44,85,000	...	...	...	...	...	44
Military Works	14,16,355	13,50,000	12,60,000	...	...	...	...	...	45
Total	2,16,00,838	2,16.66.000	1,96,92,000	...	...	...	...	...	46
TOTAL REVENUE	57,03,81,180	60,65,88,000	49,19,11,000	61,47,956	65,47,000	67,74,000	18,29,73,952	18,90,17,000	47

in each of the PROVINCES of *British India*, and in *England*, for 1919-1920
Results of 1917-1918 and 1918-1919.

		BOMBAY.			BENGAL.			CARRIED FORWARD.		
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	6,10,34,000	4,91,54,206	4,08,45,000	5,29,47,000	2,99,81,587	2,99,31,000	2,95,59,000	14,30,02,109	13,28,54,000	14,76,12,000
2	6,15,000	10,74,057	12,00,000	12,50,000	4,07,81,351	4,21,72,000	3,94,98,000	4,24,72,833	4,41,03,000	4,14,73,000
3	1,70,64,000	1,73,25,271	1,88,00,000	1,83,47,000	1,09,13,107	1,04,00,000	1,41,00,000	7,95,37,390	5,99,43,000	5,52,12,000
4	1,65,00,000	1,01,52,670	1,17,00,000	1,22,00,000	2,32,11,830	2,48,00,000	2,55,00,000	5,04,26,236	5,43,20,000	5,61,13,000
5	4,68,17,000	3,19,81,880	3,83,50,000	3 95,00,000	1,56,36,222	1,78,00,000	1,87,00,000	9,15,87,060	10,67,13,000	11,02,00,000
6	...	...	...	...	1,39,091	1,22,000	1,24 000	1,41,072	1,24,000	1,26,000
7	1,33,84,000	6,48 80,029	7,50,00,000	7,99,15,000	6,93,42,397	7,67,07,000	8,64,32,000	14,57,63,278	16,23,61,000	17,98,31,000
8	1,21,41,000	2,78,45,990	3,62,95,000	7,24.97,000	3,39,60,280	3,38,00,000	8,52,50,000	7,59,05,958	8,66,97,000	17,61,76,000
9	49 36 000	63,12,022	80.00,000	80,50,000	13,76,970	18,00,000	16,30,000	1,48,48,212	1,61,12,000	1,74,01,000
10	27,10,000	9.25,151	11,00,000	11.50,000	19,04,027	19,00,000	19,00,000	54,11,988	57,75,000	.58.73,000
11	44,97,000	13,65,137	11,35.000	13,40,000	67,701	68,000	68,000	76,58,904	77,21,000	79,07,000
12	17,96,98,000	21,10,16,413	23,24,25,000	28,71,96,000	22,73,14,563	23,95,00,000	30,27,61,000	65,67,50,040	67,67,23,000	79,79,24,000
13	13,39,000	25,43,988	21,66,000	23,41,000	17,89,724	17,01,000	16,44,000	1,02,86,085	1,35,56,000	1,55,52,000
14	...	...	...	...	...	...	...	6,85,25,668	7,96,49,000	8,43,54,000
15	...	52,78,828	1,84,90,000	1,48,44,000	...	...	...	77,61,011	2,51,51,000	2,03,48,000
16	10,91,000	8,98,721	9,15,000	9,50,000	11,22,200	10,67,000	11,88,000	35,80,820	33,22,000	35,45,000
17	7,08,000	3,62,207	3 90,000	3,50,000	12,01,713	13,00,000	10,01,000	30,95,669	39,59,000	33,27,000
18	5,46,000	96,801	1,07,000	1,00,000	1,87,154	2,54,000	2,37,000	9,17,683	9,87,000	9,76,000
19	1,000	1,65,328	1,71,000	2,11,000	10,06,412	13,10,000	12,64,000	11,72,150	14,82,000	14,76,000
20	5,20,000	9,50,494	6,00,000	5,98,000	9,51,950	9,89,000	10,29,000	23,59,737	20,70,000	22,61,000
21	2,71,000	4,59,843	4,70,000	4,61,000	4,00,834	4,05,000	3,96,000	10,36,019	11,82,000	11,44,000
22	15,000	8,057	16,000	19,000	12,322	8,000	10,000	2,67,882	2,21,000	2,11,000
23	3,74,000	2,27,901	2,40,000	2,08,000	1,21,456	1,47,000	1,85,000	8,23,351	9,06,000	10,59,000
24	19,56,000	1,47,847	1.18,000	1,22,000	26,35,397	18,80,000	10,82,000	47,70,187	39,93,000	32,68,000
25	54,82,000	33.17,199	30,27,000	30,19,000	76,39,438	73,60,000	63,92,000	1,80,23,498	1,81,22,000	1,72,67,000
26	2,67,000	6,25,099	6,52,000	6,67,000	2,49,238	2,34,000	2,40,000	15,07,510	16,78,000	15,85,000
27	1,61,000	1,99,217	2,02,000	2,02,000	1,40,097	1,42,000	1,49,000	9,14,490	11,28,000	10,25,000
28	...	...	...	...	...	...	...	4,71,77,799	6,60,00,000	1,60,00,000
29	2,92,000	9,61,115	6,71,000	4,98,000	9,33,365	14,74,000	12,23,000	1,58,22,603	1,43,85,000	1,37,27,000
30	7,20,000	17,85,431	15,25.000	13,67,000	13,22,700	18,50,000	16,12,000	6,54,22,402	8,31,91,000	8,23,37,000
31	...	...	...	...	...	...	...	68,74,66 684	76,53,70,000	79,98,50,000
32	...	...	...	...	...	...	...	*31,34,57,514*	*36,80,43,000*	*46,38,70,000*
33	...	...	...	...	...	...	...	*1,49,16,062*	*1,90,00,000*	*1,84,00,000*
34	...	...	...	...	...	...	...	35,90,93,108	37,88,27,000	31,75,80,000
35	...	...	...	...	...	...	...	3,52,757	1,51,000	1,50,000
36	...	...	...	...	...	...	...	35,94,45,865	37,84,78,000	31,77,30,000
37	3,22,000	15,86,638	17,80,000	17,00,000	2,78,301	3,00,000	2,80,000	33,57,276	37,37,000	36,41,000
38	1,07,22,000	26,73,775	27,00,000	26,00,000	...	...	...	1,36,00,794	1,34,33,000	1,34,12,000
39	3,15,000	3,83,240	3,50,000	3,60,000	8,91,648	10,50,000	10,58,000	16,47,489	17,56,000	18,26,000
40	1,13,59,000	46,43,653	48,30,000	46,60,000	11,69,949	13,50,000	13,38,000	1,86,05,559	1,89,26,000	1,88,79,000
41	4,50,000	5,67,209	4,94,000	4,35,000	7,31,596	8,07,000	8,26,000	22,02,813	22,15,000	20,85,000
42	...	...	...	...	...	...		1,40,84,725	1,45,08,000	1,28,39,000
43	...	...	...	...	...	...		12,67,425	11,07,000	11,08,000
44	...	...	...	...	...	...		48,32,333	47,01,000	44,85,000
45	...	...	...	...	...	...		14,16,355	13,50,000	12,60,000
46	...	...	...	...	...	...	...	2,16,00,838	2,16,66,000	1,96,92,000
47	19,90,48,000	22,91,52,721	26,29,57,000	31,38,62,000	23,99,67,970	25,25,68,000	31,45,73,000	1,22,86,23,779	1,31,76,77,000	1,32,61,68,000

No. 1—Account showing the Estimated Revenue (Imperial and Provincial) compared with the

HEADS OF REVENUE.	Brought forward.			United Provinces of Agra and Oudh.			Punjab.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue:									
Land Revenue	14,30,02,109	13,28,54,000	14,76,12,000	6,50,75,723	5,67,34,000	6,56,92,000	3,11,82,537	2,84,63,000	1
Opium	4,24,72,833	4,41,03,000	4,14,73,000	7,31,819	7,80,000	8,11,000	7,41,625	9,73,000	2
Salt	7,95,37,390	5,99,43,000	5,52,12,000	...	...	...	...	...	3
Stamps	5,04,26,236	5,43,20,000	5,61,12,000	1,31,52,795	1,24,00,000	1,27,00,000	60,00,300	58,30,000	4
Excise	9,15,87,060	10,67,13,000	11,02,00,000	1,43,47,587	1,60,00,000	1,95,82,000	85,62,967	1,04,40,000	5
Provincial Rates	1,41,072	1,24,000	1,26,000	1,72,102	1,56,000	1,44,000	20,953	34,000	6
Customs	14,57,83,278	16,23,61,000	17,98,31,000	2,70,145	4,31,000	4,50,000	21,624	28,000	7
Income Tax	7,59,05,958	8,66,97,000	17,61,76,000	52,70,526	69,25,000	82,61,000	36,03,564	37,50,000	8
Forest	1,48,43,212	1,61,12,000	1,74,01,000	61,16,697	69,00,000	1,00,00,000	21,17,776	23,00,000	9
Registration	54,11 988	57,75,000	58,73,000	7,37,436	7,35,000	7,35,000	3,80,796	3,60,000	10
Tributes from Indian States	76,58,904	77,21,000	79,97,000	3,21,000	3,21,000	3,21,000	1,43,965	1,44,000	11
Total	65,67,50,040	67,67,23,000	79,79,24,000	10,61,95,830	10,13 82,000	11,86,96.000	5,27,76,107	5,23,22,000	12
Interest	1,02,86,085	1,35,56,000	1,55,52,000	14,97,372	12,25,000	19,45,000	4,98,887	5,57,000	13
Posts and Telegraphs	6,85,25,665	7,96,49,000	8,43,54,000	...	...	...	...	...	14
Mint	77,61,011	2,51,51,000	2,03,48,000	...	...	...	...	...	15
Receipts by Civil Depts:									
Law and Justice:									
Courts of Law	35,80,820	33,22,000	35,45,000	8,74,837	8,64,000	8,98,000	6,81,485	6,20,000	16
Jails	30,95,669	39,59,000	33,27,000	3,95,515	7,71,000	3,52,000	6,77,050	6,86,000	17
Police	9,17,683	9,87,000	9,76,000	1,15,082	1,30,000	1,42,000	2,27,132	2,13,000	18
Ports and Pilotage	11,72,150	14,82,000	14,76,000	...	...	...	...	...	19
Education	23,59,737	20,70,000	22,61,000	6,72,579	6,76,000	7,59,000	5,25,067	5,24,000	20
Medical	10,36,019	11,82,000	11,44,000	1,12,291	97,000	1,04,000	44,675	75,000	21
Sanitation	2,67,882	2,21,000	2,11,000	41,719	48,000	33,000	1,26,843	1,36,000	22
Agriculture	8,23,351	9,06,000	10,59,000	2,73,357	2,45,000	2,89,000	3,31,638	6,30,000	23
Scientific and Miscellaneous Depts.	47,70,187	39,93,000	32,68,000	23,059	26,000	22,000	28,985	30,000	24
Total	1,80,23,498	1,81,22,000	1,72,67,000	25,08,439	28,57,000	25,99,000	26,42,875	29,14,000	25
Miscellaneous:									
Receipts in aid of Superannuation, etc.	15,07,510	16,78,000	15,85,000	2,99,005	2,77,000	3,05,000	2,09,227	1,96,000	26
Stationery and Printing	9,14,490	11,28,000	10,25,000	1,83,594	1,97,000	2,16,000	1,66,945	1,70,000	27
Exchange	4,71,77,799	6,60,00,000	1,60,00,000	...	...	...	...	...	28
Miscellaneous	1,58,22,603	1,43,85,000	1,37,27,000	4,97,367	5,45,000	5,07,000	10,76,157	15,16,000	29
Total	6,54,22,402	8,31,91,000	3,23,37,000	9,79,966	10,19,000	10,28,000	14,52,329	18,82,000	30
Railways:									
State Railways (Gross Receipts)	68,74,66,684	76,53,70,000	79,98,50,000	...	...	...	...	...	31
Deduct: Working Expenses	*31,34,57,514*	*36,80,43,000*	*4 ,38,70,000*	...	...	...	...	...	32
„ Surplus profits paid to Companies, etc.	*1,49,16,062*	*1,90,00,000*	*1,84,00,000*	...	...	...	...	...	33
Net Receipts	35,90,93,108	37,83,27,000	31,75,80,000	...	...	...	...	...	34
Subsidized Companies (Government share of surplus profits and Repayment of Advances of Interest)	3,52,757	1,51,000	1,50,000	...	...	...	...	...	35
Total	35,94,45,865	37,84,78,000	31,77,30,000	...	...	...	...	...	36
Irrigation:									
Major Works: Direct Receipts	33,57,276	37,37,000	36,41,000	1,02,14,228	1,10,56,000	1,04,93,000	2,71,44,178	2,74,08,000	37
Portion of Land Revenue due to Irrigation	1,36,00,794	1,34,33,000	1,34,12,000	20,79,719	20,80,000	20,80,000	1,06,78,519	1,33,00,000	38
Minor Works and Navigation	16,47,489	17,56,000	18,26,000	3,08,694	3,13,000	2,82,000	11,28,105	10,22,000	39
Total	1,86,05,559	1,89,26,000	1,88,79,000	1,26,02,641	1,34,49,000	1,28,55,000	3,89,50,802	4,17,30,000	40
Other Public Works:									
Civil Works	22,02,813	22,15,000	20,85,000	6,00,816	5,36,000	5,50,000	4,64,723	5,06,000	41
Military Receipts:									
Army: Effective	1,40,84,725	1,45,08,000	1,28,39,000	...	...	...	...	...	42
Non-effective	12,67,425	11,07,000	11,08,000	...	...	...	...	...	43
Marine	48,32,333	47,01,000	44,85,000	...	...	...	...	...	44
Military Works	14,16,355	13,50,000	12,60,000	...	...	...	...	...	45
Total	2,16,00,838	2,16,66,000	1,96,92,000	...	...	...	...	...	46
TOTAL REVENUE	1,22,86,23,779	1,31,76,77,000	1,32,61,68,000	12,43,85,064	12,04,68,000	13,76,73,000	9,67,85,723	9,99,11,000	47

in each of the Provinces of *British India*, and in *England*, for 1919-1920,
Results of 1917-1918 AND 1918-1919—*continued*.

		BURMA.			BIHAR AND ORISSA.			CARRIED FORWARD.		
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	3,03,37,000	4,13,73,810	5,24,20,000	5,00,30,000	1,56,96,031	1,59,65,000	1,65,00,000	29,63,30,210	28,64,36,000	31,01,71,000
2	9,87,000	5,19,056	5,94,000	5,80,000	4,71,431	5,31,000	5,22,000	4,49,36,764	4,69,81,000	4,43,73,000
3	...	29,53,959	33,00,000	35,00,000	120	1,000	1,000	8,24,91,469	6,32,44,000	5,87,13,000
4	60,50,000	31,82,389	34,00,000	35,90,000	74,79,901	72,50,000	73,50,000	8,02,41,621	8,32,00,000	8,57,13,000
5	1,10,57,000	92,39,195	97,31,000	1,01,00,000	1,18,22,679	1,25,00,000	1,27,00,000	13,55,59,488	15,53,84,000	16,36,39,000
6	32,000	...	...	...	77,789	1,02,000	1,81,000	4,11,916	4,16,000	4,83,000
7	28,000	1,89,56,027	2,23,85,000	1,90,75,000	1,464	2,000	2,000	16,50,12,538	18,52,07,000	19,93,86,000
8	46,75,000	49,07,572	69,78,000	84,60,000	23,93,074	26,36,000	27,17,000	9,20,80,994	10,69,86,000	20,02,89,000
9	36,35,000	1,23,61,499	1,23,91,000	1,35,00,000	7,53,625	9,00,000	8,00,000	3,61,92,809	3,86,03,000	4,53,36,000
10	3,75,000	1,89,204	2,16,000	2,30,000	6,68,083	6,50,000	7,50,000	73,87,507	77,36,000	79,63,000
11	1,44,000	4,59,405	4,52,000	4,52,000	85,500	86,000	86,000	86,68,774	87,24,000	89,10,000
12	5,73,20,000	9,41,42,416	11,18,67,000	10,94,27,000	3,94,49,697	4,06,23,000	4,16,09,000	94,93,14,090	98,29,17,000	1,12,49,76,000
13	5,25,000	1,65,978	2,26,000	2,45,000	1,58,944	1,50,000	2,00,000	1,26,07,266	1,57,14,000	1,84,67,000
14	...	...	...	...	...	...	...	6,85,25,668	7,96,49,000	8,43,54,000
15	...	...	...	...	...	...	...	77,61,011	2,51,51,000	2,03,48,000
16	6,60,000	6,20,967	6,14,000	6,21,000	3,66,510	3,75,000	3,85,000	61,24,619	57,95,000	61,09,000
17	6,22,000	4,39,674	3,95,000	4,52,000	7,09,843	10,33,000	10,00,000	53,07,751	68,44,000	57,53,000
18	2,11,000	4,25,893	5,45,000	3,42,000	91,410	8,31,000	1,44,000	17,77,200	27,06,000	18,15,000
19	...	3,72,598	5,65,000	4,07,000	...	...	...	15,44,748	20,47,000	18,83,000
20	5,46,000	3,73,535	3,83,000	3,85,000	3,70,917	3,76,000	3,85,000	43,01,835	40,29,000	43,36,000
21	75,000	1,26,975	1,38,000	1,41,000	47,486	72,000	84,000	13,67,446	15,64,000	15,48,000
22	1,09,000	11,562	11,000	13,000	16,864	14,000	16,000	4,64,370	4,30,000	3,82,000
23	7,93,000	17,798	19,000	20,000	34,326	70,000	60,000	14,80,470	18,70,000	22,21,000
24	32,000	4,507	8,000	7,000	1,067	1,000	1,000	48,27,805	40,58,000	33,30,000
25	30,48,000	23,83,509	26,78,000	23,83,000	16,38,423	27,72,000	20,75,000	2,71,96,744	2,93,43,000	2,73,77,000
26	2,04,000	1,15,043	1,05,000	1,16,000	1,25,049	1,26,000	1,28,000	22,55,834	23,82,000	23,38,000
27	1,72,000	52,332	55,000	55,000	39,292	38,000	38,000	13,56,653	15,88,000	15,06,000
28	...	...	...	...	...	...	...	4,71,77,799	6,60,00,000	1,60,00,000
29	10,03,000	2,93,549	3,82,000	4,03,000	3,42,042	3,30,000	3,05,000	1,80,31,718	1,71,58,000	1,59,45,000
30	13,79,000	4,60,924	5,42,000	5,74,000	5,06,383	4,94,000	4,71,000	6,88,22,004	8,71,28,000	3,57,89,000
31	...	...	...	...	...	...	...	68,74,66,684	76,53,70,000	79,98,50,000
32	...	...	...	...	...	...	...	*31,34,57,514*	*36,80,43,000*	*46,38,70,000*
33	...	...	...	...	...	...	...	*1,49,16,062*	*1,90,00,000*	*1,84,00,000*
34	...	...	...	...	...	...	...	35,90,93,108	37,83,27,000	31,75,80,000
35	...	...	...	...	...	...	...	*3,52,757*	1,51,000	1,50,000
36	...	...	...	...	...	...	...	35,94,45,865	37,84,78,000	31,77,30,000
37	2,92,08,000	13,47,411	17,40,000	17,80,000	26,25,425	26,50,000	28,00,000	4,46,88,518	4,65,91,000	4,79,22,000
38	1,36,16,000	1,68,433	2,40,000	2,70,000	...	...	...	2,65,27,465	2,90,53,000	2,93,78,000
39	10,44,000	13,68,211	17,50,000	16,00,000	74,362	74,000	74,000	45,26,861	49,15,000	48,26,000
40	4,38,68,000	28,84,055	37,30,000	36,50,000	26,99,787	27,24,000	28,74,000	7,57,42,844	8,05,59,000	8,21,26,000
41	5,17,000	3,73,816	4,04,000	3,80,000	5,43,612	5,45,000	5,70,000	41,85,780	42,06,000	41,02,000
42	...	...	...	...	...	...	...	1,40,84,725	1,45,08,000	1,28,39,000
43	...	...	...	...	...	...	...	12,67,425	11,07,000	11,08,000
44	...	...	...	...	...	...	...	48,32,333	47,01,000	44,85,000
45	...	...	...	...	...	...	...	14,16,355	13,50,000	12,60,000
46	...	...	...	...	...	...	...	2,16,00,838	2,16,66,000	1,96,92,000
47	10,66,57,000	10,04,10,698	11,94,47,000	11,66,64,000	4,49,96,846	4,78,08,000	4,77,99,000	1,59,52,02,110	1,70,48,11,000	1,73,49,61,000

No 1.—ACCOUNT showing the ESTIMATED REVENUE (Imperial and Provincial) compared with the

HEADS OF REVENUE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERAR.			ASSAM.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue:										
Land Revenue	29,63,30,210	28,64,36,000	31,01,71,000	1,96,55,805	1,72,44,000	2,14,45,000	81,22,671	84,08,000	86,81,000	1
Opium	4,49 36,764	4,69,81,000	4,43,73,000	5,70,912	6,55,000	6,70,000	6,75,862	7,98,000	8,00,000	2
Salt	8,24,91,469	6,32,44,000	5,87,13,000	...	...	...	837	1,000	1,000	3
Stamps	8,02,41,621	8,32,00,000	8,57,13,000	42,54,212	41,60,000	43,20,000	14,16,997	13,88,000	14,23,000	4
Excise	13,55 59,488	15,53,84,000	16,36,39,000	1,14,92,202	1,23,00,000	1,28,00,000	53,73,805	58,35,000	58,61,000	5
Provincial Rates	4,11,916	4,16,000	4,83,000	...	...	...	17,577	28,000	36,000	6
Customs	16,50.12,538	18,52,07,000	19,93,86,000	3,49,490	6,70,000	7,00,000	1,86,791	1,71,000	2,00,000	7
Income Tax	9,20,80,994	10,69,86,000	20,02,89,000	16,23,154	20,07,000	21,52,000	9,17,407	8,20,000	8,82,000	8
Forest	3,61.92,809	3,86,03,000	4,53,36,000	34,66,493	35,00,000	35,00,000	13,09,956	14,60,000	14,56,000	9
Registration	73 87,507	77,36,000	79,63,000	4,30,608	4,75,000	4,70,000	95,737	88,000	90,000	10
Tributes from Indian States	86,68,774	87,24,000	89,10,000	2,46,187	2,39,000	2,39,000	50,100	50,000	50,000	11
Total	94,93,14,090	98,29,17,000	1,12,49,76,000	4,20,89,063	4,12 50,000	4,62,96,000	1,81,67,740	1,90,47,000	1,94,80,000	12
Interest	1,26,07,266	1,57,14,000	1,8 ,67,000	2,17,762	1,93,000	2,18,000	1,24,488	1,63,000	2,29,000	13
Posts and Telegraphs	6,85,25,668	7,96,49,000	8,43,54,000	...	...	...	...	...	...	14
Mint	77,61,011	2,51,51,000	2,03,48,000	...	...	...	...	...	...	15
Receipts by Civil Departments:										
Law and Justice:										
Courts of Law	61,24,619	57,95,000	61,09,000	2,75,831	2,75,000	2,95,000	1,26,793	1,35,000	1,41,000	16
Jails	53,07,751	68,44,000	57,53,000	2,95,064	4,21,000	3,57,000	92,431	1,04,000	94,000	17
Police	17,77,200	27,06,000	18,15,000	39,100	20,000	18,000	1,82,385	1,04,000	96,000	18
Ports and Pilotage	15,44,748	20,47,000	18,83,000	...	...	...	204	...	...	19
Education	43,01,835	40,29,000	43,36,000	2,86,989	3,00,000	3,14,000	2,13,246	2,27,000	2,17,000	20
Medical	13,67,446	15,64,000	15,48,000	8,733	10,000	10,000	13,338	10,000	10,000	21
Sanitation	4,64,870	4,30,000	3,82,000	31,419	39,000	40,000	33,968	75,000	74,000	22
Agriculture	14,80,470	18,70,000	22,21,000	1,37,539	1,52,000	1,64,000	38,778	16,000	91,000	23
Scientific and Miscellaneous Departments	48,27,805	40,58,000	33,30,000	34,699	40,000	40,000	9,245	8,000	7 000	24
Total	2,71,96,744	2,93,43,000	2,73,77,000	11,09,374	12,57,000	12,38,000	7,10,388	6,79,000	7,30,000	25
Miscellaneous:										
Receipts in aid of Superannuation, etc.	22,55,834	23,82,000	23,38,000	3,26,225	3,42,000	3,61,000	36,670	37,000	38,000	26
Stationery and Printing	13,56,653	15,88,000	15,06,000	49,243	57,000	57,000	4,845	5,000	5,000	27
Exchange	4,71,77,799	6,60,00,000	1,60,00,000	...	...	...	...	...	...	28
Miscellaneous	1,80,31,718	1,71,58,000	1,59,45,000	2,34,668	2,29,000	1,94,000	30,084	46,000	40,000	29
Total	6,88,22,004	8,71,28,000	3,57,89,000	6,10,136	6,28,000	6,12,000	71,599	88,000	83,000	30
Railways:										
State Railways (Gross Receipts)	68,74,66,684	76,53,70,000	79,98,50,000	...	...	...	1,36,723	1,30,000	1,50,000	31
Deduct—										
Working Expenses	*31,34,57,514*	*36,80,43,000*	*46,38,70,000*	...	...	...	*1,23,412*	*1,21,000*	*1,30,000*	32
Surplus profits paid to Companies, etc.	*1,49,16,062*	*1,90,00,000*	*1,84,00,000*	...	...	...	...	...	...	33
Net Receipts	35,90,93,108	37,83,27,000	31,75,80,000	...	...	...	13,311	9,000	20,000	34
Subsidized Companies (Government share of surplus profits and Re-payment of Advances of Interest)	3,52,757	1,51,000	1,50,000	...	...	...	...	...	...	35
Total	35,94,45,865	37,84,78,000	31,77,30,000	...	...	...	13,311	9,000	20,000	36
Irrigation:										
Major Works: Direct Receipts	4,46,88,518	4,65,91,000	4,79,22,000	1,70,194	3,97,000	4,82,000	...	...	...	37
Portion of Land Revenue due to Irrigation	2,65,27,465	2,90,53,000	2,93,78,000	5,961	6,000	6,000	...	...	...	38
Minor Works and Navigation	45,26,861	49,15,000	48,26,000	39,185	71,000	64,000	...	...	...	39
Total	7,57,42,844	8,05,59,000	8,21,26,000	2,15,340	4,74,000	5,52,000	..	...	...	40
Other Public Works:										
Civil Works	41,85,780	42,06,000	41,02,000	4,50,071	4,23,000	5,54,000	2,18,132	1,94,000	1,88,000	41
Military Receipts:										
Army Effective	1,40,84,725	1,45,08,000	1,28,39,000	...	...	...	...	...	...	42
Non-effective	12,67,425	11,07,000	11,08,000	...	...	...	...	...	...	43
Marine	48,32,333	47,01,000	44,85,000	...	...	...	...	...	...	44
Military Works	14,16,355	13,50,000	12,60,000	...	...	...	...	...	...	45
Total	2,16,00,838	2,16,66,000	1,96,92,000	...	...	...	...	...	...	46
TOTAL REVENUE	1,59,52,02,110	1,70,48,41,000	1,73,49,61,000	4,46,91,746	4,42,31,000	4,94,70,000	1,93,05,658	2,01,80,000	2,07,30,000	47

in each of the PROVINCES of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1918-1919—*continued*.

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at R15=£1.								
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	32,41,08,686	31,20,88,000	34,02,97,000	21,607,246	20,805,900	22,686,400	...	...	...	21,607,246	20,805,900	22,686,400
2	4,61,83,538	4,84,34,000	4,58,43,000	3,078,903	3,229,000	3,056,200	...	...	...	3,078,903	3,229,000	3,056,200
3	8,24,92,306	6,32,45,000	5,87,14,000	5,499,487	4,216,300	3,914,300	...	...	...	5,499,487	4,216,300	3,914,300
4	8,59,12,830	8,87,48,000	9,14,56,000	5,727,522	5,916,500	6,097,100	...	...	...	5,727,522	5,916,500	6,097,100
5	15,24,25,495	17,35,19,000	18,23,00,000	10,161,699	11,567,900	12,153,300	7	...	...	10,161,706	11,567,900	12,153,300
6	4,29,493	4,44,000	5,19,000	28,633	29,600	34,600	...	...	...	28,633	29,600	34,600
7	16,55,48,819	18,60,48,000	20,02,86,000	11,036,588	12,403,200	13,352,400	...	...	...	11,036,588	12,403,200	13,352,400
8	9,46,21,555	10,98,13,000	20,33,23,000	6,308,104	7,320,800	13,554,900	...	...	...	6,308,104	7,320,800	13,554,900
9	4,09,69,258	4,35,63,000	5,02,92,000	2,731,284	2,904,200	3,352,800	...	...	...	2,731,284	2,904,200	3,352,800
10	79,13,852	82,99,000	85,23,000	527,590	553,300	568,200	...	...	...	527,590	553,300	568,200
11	89,65,061	90,13,000	91,99,000	597,670	600,900	613,300	...	...	...	597,670	600,900	613,300
12	1,00,95,70,893	1,04,32,14,000	1,19,07,52,000	67,304,726	69,547,600	79,383,500	7	...	...	67,304,733	69,547,600	79,383,500
13	1,29,49,516	1,60,70,000	1,89,14,000	863,301	1,071,400	1,260,900	1,306,807	2,771,500	2,376,500	2,170,108	3,842,900	3,637,400
14	6,85,25,668	7,96,49,000	8,43,54,000	4,568,378	5,309,900	5,623,600	48,312	13,000	93,200	4,616,690	5,322,900	5,716,800
15	77,61,011	2,51,51,000	2,03,48,000	517,401	1,676,700	1,356,500	...	100	...	517,401	1,676,800	1,356,500
16	65,27,243	62,05,000	65,45,000	435,150	413,700	436,300	...	...	...	435,150	413,700	436,300
17	56,95,246	73,69,000	62,04,000	379,683	491,300	413,600	...	...	...	379,683	491,300	413,600
18	19,98,685	28,30,000	19,29,000	133,246	188,700	128,600	...	...	...	133,246	188,700	128,600
19	15,44,952	20,47 000	18,83,000	102,997	136,500	125,500	...	...	...	102,997	136,500	125,500
20	48,02,070	45,56,000	48,67,000	320,138	303,700	324,500	...	...	...	320,138	303,700	324,500
21	13,89,517	15,34,000	15,68,000	92,634	105,600	104,500	292	300	300	92,926	105,900	104,800
22	5,30,257	5,44,000	4,96,000	35,351	36,200	33,100	...	...	...	35,351	36,200	33,100
23	16,56,787	20,38.000	24,76,000	110,452	135,900	165,100	...	...	...	110,452	135,900	165,100
24	48,71,749	41,06,000	33,77,000	324,783	273,700	225,100	638	1,000	900	325,421	274,700	226,000
25	2,90,16,506	3,12,79,000	2,93,45,000	1,934,434	2,085,300	1,956,300	930	1,300	1,200	1,935,364	2,086,600	1,957,500
26	26,18,729	27,61,000	27,37,000	174,582	184,000	182,500	38,074	39,600	41,400	212,656	223,600	223,900
27	14,10,741	16,50,000	15,68,000	94,049	110,000	104,500	...	...	...	94,049	110,000	104,500
28	4,71,77,799	6,60,00,000	1,60,00,000	3,145,186	4,400,000	1,066,700	...	...	...	3,145,186	4,400,000	1,066,700
29	1,82,96,470	1,74,33,000	1,61,79,000	1,219,765	1,162,200	1,078,600	196,700	28,500	83,700	1,416,465	1,190,700	1,162,300
30	6,95,03,739	8,78,44,000	3,64,84,000	4,633,582	5,856,200	2,432,300	234,774	68,100	125,100	4,868,356	5,924,300	2,557,400
31	68,76,03,407	76,55,00,000	80,00,00,000	45,840,227	51,033,300	53,333,300	107,294	20,600	48,600	45,947,521	51,053,900	53,381,900
32	*31,35,80,926*	*36,81,64,000*	*46,40,00,000*	*20,905,395*	*24,544,300*	*30,933,400*	...	...	...	*20,905,395*	*24,544,300*	*30,933,400*
33	*1,49,16,062*	*1,90,00,000*	*1,84,00,000*	*994,404*	*1,266,600*	*1,226,600*	...	...	...	*994,404*	*1,266,600*	*1,226,600*
34	35,91,06,419	37,83,36,000	31,76,00,000	23,940,428	25,222,400	21,173,300	107,294	20,600	48,600	24,047,722	25,243,000	21,221,900
35	3,52,757	1,51,000	1,50,000	23,517	10,100	10,000	70,469	94,300	141,000	93,986	104,400	151,000
36	35 94,59,176	37,84,87,000	31,77,50,000	23,963,945	25,232,500	21,183,300	177,763	114,300	189,600	24,141,708	25,347,400	21,372,900
37	4,48,58,712	4,69,88,000	4,84,04,000	2,990,581	3,132,500	3,226,900	...	...	...	2,990,581	3,132,500	3,226,900
38	2,65,33,426	2,90,59,000	2,93,84,000	1,768,895	1,937,300	1,959,000	...	...	...	1,768,895	1,937,300	1,959,000
39	45,66,046	49,86,000	48,90,000	304,403	332,400	326,000	...	...	...	304,403	332,400	326,000
40	7,59,58,184	8,10,33,000	8,26,78,000	5,063,879	5,402,200	5,511,900	...	...	...	5,063,879	5,402,200	5,511,900
41	48,53,983	48,29,000	48,44,000	323,599	321,900	323 000	...	...	...	323,599	321,900	323,000
42	1,40,84,725	1,45,08.000	1,28,39.000	938,982	967,200	855,900	244,600	233,200	238,500	1,183,582	1,200,400	1,094,400
43	12,67,425	11,07,000	11.08.000	84,495	73,800	73,900	35,853	36,000	36,000	120,348	109,800	109,900
44	48,32,333	47,01,000	44,85,000	322,155	313,400	299,000	...	...	...	322,155	313,400	299,000
45	14,16,355	13,50,000	12,60,000	94,424	90,000	84,000	...	...	...	94,424	90,000	84,000
46	2,16.00.838	2,16,66,000	1,96.92.000	1,440,056	1,444,400	1,312,800	280.453	269.200	274,500	1,720,509	1,713.600	1,587,300
47	1,65,91,99,514	1,76,92,22,000	1,80,51,61,000	110,613,301	117,948,100	120,344,100	2,049,046	3,238,100	3,060,100	112,662,347	121,186,200	123,404,200

No. 2.—ACCOUNT showing the ESTIMATED EXPENDITURE (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues:									
Refunds and Drawbacks	2,11,647	64,11,000	1,39,000	23,353	24,000	24,000	7,69,068	11,45,000	1
Assignments and Compensations	38,44,795	32,57,000	36,40,000	17,668	20,000	20,000	12,83,939	12,73,000	2
Charges in respect of Collection, viz.:									
Land Revenue	7,50,322	7,58,000	7,91,000	6,66,878	6,84,000	7,33,000	1,24,81,018	1,29,50,000	3
Opium (including cost of Production)	5,142	3,000	5,000	...	...	...	...	...	4
Salt (including cost of Production)	16,81,055	21,86,000	19,28,000	...	...	...	18,42,910	26,31,000	5
Stamps	—14,58,830	—14,20,000	—14,62,000	26,422	27,000	30,000	4,87,691	4,67,000	6
Excise	1,26,390	1,47,000	1,34,000	16,298	17,000	18,000	18,05,425	20,80,000	7
Customs	...	...	...	...	...	...	4,34,351	4,62,000	8
Income Tax	4,819	7,000	5,000	987	1,000	4 000	68,293	92,000	9
Forest	10,90,778	16,83,000	24,27,000	1,53,875	2,34,000	2,65,000	30,20,249	31,30,000	10
Registration	17,323	18,000	17,000	13,077	14,000	14,000	13,39,696	15,07,000	11
Total	62,73,441	1,30,50,000	76,24,000	9,18,558	10,21,000	11,08,000	2,35,32,740	2,57,37,000	12
Interest:									
Interest on Debt	9,02,87,586	12,02,66,000	12,90,53,000	...	...	...	3,49,902	3,84,000	13
Deduct—Amounts chargeable to Railways (*a*)	*6,75,37,922*	*6,97,61,000*	*7,28,85,000*	...	...	...	...	...	14
Deduct—Amounts chargeable to Irrigation	*2,08,67,708*	*2,12,36,000*	*2,15,87,000*	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	18,81,956	2,92,69,000	3,45,81,000	...	...	...	3,49,902	3,84,000	16
Interest on other Obligations	1,00,14,063	1,28,05,000	1,36 74,000	206	...	...	2,51,217	2,81,000	17
Total	1,18,96,019	4,20,74,000	4,82,55,000	206	...	...	6,01,119	6,65,000	18
Posts and Telegraphs	4,92,95,455	5,64,19,000	5,88,21,000	...	...	...	...	...	19
Mint	11,21,033	18,72,000	16,86,000	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:									
General Administration	73,19,198	74,27,000	74,79,000	3,65,432	3,72,000	3,82,000	21,69,030	22,47,000	21
Law and Justice:									
Courts of Law	4,28,543	4,87,000	4,41,000	6,92,720	7,01,000	7,39,000	85,12,927	89,70,000	22
Jails	22,47,287	21,70,000	21,89,000	3,41,599	3,54,000	3,70,000	16,70,385	20,56,000	23
Police	24,40,281	25,51,000	25,42,000	25,71,697	25,53,000	27,51,000	1,17,33,361	1,20,46.000	24
Ports and Pilotage	...	...	...	...	...	...	51,371	49,000	25
Education	10,82,242	13,21,000	45,79,000	5,93,682	6,90,000	7,42,000	94,04,674	1,08.00.000	26
Ecclesiastical	2,13,483	2,05,000	2,13,000	61,316	68,000	75,000	3,54,978	3,59,000	27
Medical	10,86,403	11,62,000	12,45,000	1,52,872	1,51,000	2,31,000	21,72 444	25,95 000	28
Sanitation	7,66,510	10,51,000	24,20,000	2,25,120	1,52,000	2,17,000	16,42,576	14,70,000	29
Political	2,19,20,582	4,17,41,000	1,71,28,000	46,50,458	48,40,000	49,11,000	1,92,374	1,88,000	30
Agriculture	11,23,819	11,26,000	12,35,000	70,017	90,000	1,38,000	12,87,441	15,65,000	31
Scientific and Miscellaneous Departments	41,11,969	41,62,000	41,66,000	11,478	12,000	12,000	13,77,863	17,09,000	32
Total	4.28,00,317	6,34,03,000	4,36,37,000	97,36,591	99,83,000	1,05,68,000	4,05,69,424	4,40,54,000	33
Miscellaneous Civil Charges:									
Territorial and Political Pensions	1,91,382	2,06,000	1,95,000	41,313	85,000	60,000	2,90,101	2,81,000	34
Civil Furlough and Absentee Allowances	9,876	4,000	4,000	...	...	...	6,220	83,000	35
Superannuation Allowances and Pensions	15,49,709	16.00,000	15,92,000	1,80,022	1,98,000	2,06,000	33,64,625	36 35.000	36
Stationery and Printing	27,31,574	36,62,000	16.62 000	1,07,436	1,07,000	1,38,000	23,42,660	22,16.000	37
Miscellaneous	33,45,190	27,30,000	18.50.000	42,420	76,000	53,000	6,75,568	7,10,000	38
Total	78,27,731	82,02,000	53,03,000	3,71,191	4,66,000	4,57,000	66,79,174	68,75.000	39
Famine Relief and Insurance:									
Famine Relief	474	2,89,000	...	...	...	...	802	75,000	40
Construction of Protective Railways	—299	—5,000	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	...	...	—93,000	...	...	...	2,62,897	2,20,000	42
Reduction or Avoidance of Debt	97,77,096	31,000	...	...	...	...	...	...	43
Total	97,77.271	3,15,000	—93,000	...	...	..	2,63,699	2,95,000	44
Carried forward	12,89,91,267	18,53,35,000	16,52,33,000	1,10,26,546	1 14,70,000	1,21,33,000	7,16,46,156	7,76,26,000	45

	ACCOUNTS, 1917-1918.			
	India	India converted into £ at R15=£1.	England.	TOTAL.
(*a*) Included under the following heads:—	Rs.	£	£	£
State Railways: Interest on Debt	6,72,82,596	4,485,506	3,571,703	8,057,209
Interest chargeable against Companies on Advances	2,55.326	17,022	81,250	98 272
TOTAL	6,75,37,922	4,502,528	3,652,953	8,155,481

in each of the PROVINCES of *British India*, and in *England*, for 1919-1920.
RESULTS OF 1917-1918 and 1918-1919.

		BOMBAY.			BENGAL.			CARRIED FORWARD.		
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	8,76,000	40,61,950	62,13,000	55,05,000	18,96,238	27,00,000	20,89,000	69,62,256	1,64,93,000	86,33,000
2	12,69,000	1,07,13,597	1,11,55,000	1,11,04,000	2,07,186	2,39,000	2,67,000	1,60,67,185	1,59,44,000	1,63,00,000
3	1,34,24,000	84,34,940	1,00,95,000	1,03,56,000	52,86,519	55,18,000	58,85,000	2,76,19,677	3,00,05,000	3,11,89,000
4	...	...	...	...	29,746	30,000	33,000	34,888	33,000	38,000
5	28,45,000	24,92,776	31,86,000	38,84,000	2,66,827	2,72,000	2,74,000	62,83,568	82,75,000	89,31,000
6	4,62,000	3,13,188	3,35,000	3,22,000	6,30,197	6,31,000	6,83,000	—1,332	40,000	35,000
7	22,46,000	11,13,522	12,95,000	14,52,000	9,99,661	10,47,000	11,37,000	40,61,296	45,86,000	49,87,000
8	4,99,000	16,77,854	18,50,000	19,29,000	13,85,172	14,42,000	15,09,000	34,97,377	37,54,000	39,37,000
9	1,10,000	2,12,554	3,06,000	4,31,000	1,81,693	1,96,000	2,23,000	4,68,346	6,02,000	7,73,000
10	37,25,000	33,53,715	49,50,000	41,43,000	7,38,713	8,30,000	7,66,000	83,57,430	1,08,27,000	1,13,26,000
11	16,20,000	3,87,364	4,84,000	4,82,000	11,41,039	11,25,000	12,21,000	28,98,499	31,48,000	33,54,000
12	2,70,76,000	3,27,61,460	3,98,69,000	3,96,08,000	1,27,62,991	1,40,30,000	1,40,87,000	7,62,49,190	9,37,07,000	8,95,03,000
13	4,20,000	5,60,319	6,72,000	9,47,000	4,72,123	4,42,000	4,47,000	9,16,69,930	12,17,64,000	13,08,67,000
14	...	...	...	...	...	...	...	*6,75,37,922*	*6,97,61,000*	*7,28,85,000*
15	...	...	...	...	...	...	...	*2,08,67,708*	*2,12,36,000*	*2,15,87,000*
16	4,20,000	5,60,319	6,72,000	9,47,000	4,72,123	4,42,000	4,47,000	32,64,300	3,07,67,000	3,63,95,000
17	3,13,000	5,09,822	5,22,000	5,53,000	2,25,163	2,58,000	3,00,000	1,10,00,471	1,38,66,000	1,48,40,000
18	7,33,000	10,70,141	11,94,000	15,00,000	6,97,286	7,00,000	7,47,000	1,42,64,771	4,46,33,000	5,12,35,000
19	...	...	...	...	...	...	...	4,92,95,455	5,64,19,000	5,88,21,000
20	...	10,76,284	15,03,000	12,49,000	...	...	...	21,97,317	33,75,000	29,35,000
21	22,13,000	29,83,738	31,93,000	32,28,000	31,02,736	31,31,000	30,75,000	1,59,40,134	1,63,70,000	1,63,77,000
22	98,76,000	57,24,837	61,80,000	63,03,000	1,00,08,704	1,04,20,000	1,04,35,000	2,54,27,781	2,67,58,000	2,77,94,000
23	18,23,000	13,97,457	19,42,000	18,04,000	30,35,129	33,36,000	30,04,000	86,91,857	98,58,000	91,90,000
24	1,36,51,000	1,07,83,587	1,16,00,000	1,45,32,000	1,26,13,287	1,30,45,000	1,36,21,000	4,01,42,413	4,17,95,000	4,70,97,000
25	49,000	1,09,834	1,27,000	1,65,000	11,60,185	12,47,000	13,31,000	13,21,390	14,23,000	16,45,000
26	1,28,98,000	79,95,711	1,11,91,000	1,32,06,000	80,92,061	85,00,000	97,86,000	2,71,68,370	3,25,02,000	4,12,11,000
27	3,77,000	3,75,670	3,83,000	3,92,000	1,81,113	1,93,000	1,98,000	11,86,560	12,08,000	12,55,000
28	36,67,000	20,34,113	24,16,000	86,17,000	28,04,071	26,67,000	27,69,000	82,49,903	89,91,000	1,15,29,000
29	24,35,000	7,83,445	15,89,000	23,10,000	4,69,180	9,04,000	18,66,000	38,86,831	51,66,000	92,48,000
30	1,67,000	11,27,858	11,24,000	11,03,000	2,85,215	2,94,000	2,66,000	2,81,76,487	4,81,87,000	2,35,95,000
31	20,97,000	14,63,350	17,00,000	22,85,000	11,71,522	15,34,000	17,48,000	51,16,149	60,15,000	75,03,000
32	22,93,000	2,83,654	4,48,000	9,30,000	5,57,346	22,11,000	10,70,000	63,42,310	85,42,000	84,71,000
33	5,15,46,000	3,50,63,254	4,18,93,000	4,98,75,000	4,34,80,549	4,74,82,000	4,91,89,000	17,16,50,135	20,68,15,000	20,48,15,000
34	2,82,000	4,35,993	4,60,000	4,59,000	7,12,113	7,15,000	7,12,000	16,70,902	17,47,000	17,08,000
35	19,000	6,942	14,000	5,000	600	1,000	1,000	23,638	52,000	29,000
36	37,31,000	41,42,195	44,13,000	45,69,000	34,11,269	35,48,000	35,94,000	1,26,47,820	1,33,94,000	1,36,92,000
37	23,84,000	21,80,872	29,26,000	29,51,000	15,12,313	16,33,000	16,33,000	88,74,855	1,05,44,000	87,68,000
38	17,45,000	10,94,450	16,02,000	16,18,000	5,03,974	9,96,000	11,07,000	56,61,602	61,14,000	63,73,000
39	81,61,000	78,60,452	94,15,000	96,02,000	61,40,269	68,93,000	70,47,000	2,88,78,817	3,18,51,000	3,05,70,000
40	2,00,000	19,775	70,00,000	60,00,000	...	...	2,00,000	21,051	73,64,000	64,00,000
41	...	...	...	...	...	...	...	—299	—5,000	...
42	1,62,000	26,39,337	27,76,000	29,88,000	403	5,000	2,000	29,02,637	30,01,000	30,59,000
43	...	...	...	...	...	...	...	97,77,096	31,000	...
44	3,62,000	26,59,112	97,76,000	89,88,000	403	5,000	2,02,000	1,27,00,485	1,03,91,000	94,59,000
45	8,78,78,000	8,04,90,703	10,36,50,000	11,08,22,000	6,30,81,498	6,91,10,000	7,12,72,000	35,52,36,170	44,71,91,000	44,73,38,000

REVISED ESTIMATE, 1918-1919.				BUDGET ESTIMATE, 1919-1920.			
India.	India converted into £ at R15=£1.	England.	TOTAL.	India.	India converted into £ at R15=£1.	England.	TOTAL.
Rs.	£	£	£	Rs.	£	£	£
6,94,45,000	4,629,700	3,555,400	8,185,100	7,25,52,000	4,836,800	3,618,400	8,455,200
3,16,000	21,000	81,200	102,200	3,33,000	22,200	81,200	103,400
6,97,61,000	4,650,700	3,636,600	8,287,300	7,28,85,000	4,859,000	3,699,600	8,558,600

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			UNITED PROVINCES OF AGRA AND OUDH.			PUNJAB.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
Direct Demands on the Revenues:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Refunds and Drawbacks	69,62,256	1,64,93,000	86,33,000	3,18,216	3,70,000	3,38,000	2,43,855	2,26,000	1
Assignments and Compensations	1,60,67,185	1,59,44,000	1,63,00,000	3,17,991	3,13,000	3,27,000	92,802	97,000	2
Charges in respect of Collection, *viz.*:									
Land Revenue	2,76,19,677	3,00,05,000	3,11,89,000	96,19,515	1,02,39,000	96,88,000	46,58,607	50,65,000	3
Opium (including cost of Production)	34,888	33,000	38,000	1,65,75,926	2,00,16,000	1,56,44,000	...	...	4
Salt (including cost of Production)	62,83,568	82,75,000	89,31,000	...	...	...	...	...	5
Stamps	—1,332	40,000	35,000	2,78,032	2,64,000	2,74,000	1,86,036	1,86,000	6
Excise	40,61,296	45,86,000	49,87,000	4,77,087	4,91,000	5,38,000	2,35,130	2,39,000	7
Customs	34,97,377	37,54,000	39,37,000	...	...	...	..	...	8
Income Tax	4,68,346	6,02,000	7,73,000	...	40,000	3,50,000	82,731	62,000	9
Forest	83,57,430	1,08,27,000	1,13,26,000	32,04,928	47,41,000	67,02,000	11,58,048	18,92,000	10
Registration	28,98,499	31,48,000	33,54,000	3,03,278	3,07,000	3,06,000	1,26,694	1,34,000	11
Total	7,62,49,190	9,37,07,000	8,95,03,000	3,10,94,973	3,67,81,000	3,41,67,000	67,33,903	79,01,000	12
Interest:									
Interest on Debt	9,16,69,930	12,17,64,000	13,08,67,000	10,33,792	14,01,000	19,11,000	1,93,473	2,07,000	13
Deduct—Amounts chargeable to Railways	*6,75,37,922*	*6,97,61,000*	*7,28,85,000*	...	...	...	...	...	14
„ „ Irrigation	*2,08,67,708*	*2,12,36,000*	*2,15,87,000*	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	32,64,300	3,07,67,000	3,63,95,000	10,33,792	14,01,000	19,11,000	1,93,473	2,07,000	16
Interest on other Obligations	1,10,00,471	1,38,66,000	1,48,40,000	8,31,157	8,39,000	15,76,000	1,86,180	2,08,000	17
Total	1,42,64,771	4,46,33,000	5,12,35,000	18,64,949	22,40,000	34,87,000	3,79,653	4,15,000	18
Posts and Telegraphs	4,92,95,455	5,64,19,000	5,88,21,000	...	...	...	...	...	19
Mint	21,97,317	33,75,000	29,35,000	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:									
General Administration	1,59,40,134	1,63,70,000	1,63,77,000	22,71,050	23,52,000	23,29,000	16,81,912	16,51,000	21
Law and Justice:									
Courts of Law	2,54,27,731	2,67,58,000	2,77,94,000	66,85,224	69,45,000	69,35,000	44,48,490	45,81,000	22
Jails	86,91,857	98,58,000	91,90,000	23,29,290	30,05,000	27,21,000	19,43,939	21,72,000	23
Police	4,01,42,413	4,17,95,000	4,70,97,000	1,25,49,942	1,33,33,000	1,34,91,000	66,22,218	70,08,000	24
Ports and Pilotage	13,21,390	14,23,000	15,45,000	...	...	...	...	...	25
Education	2,71,68,370	3,25,02,000	4,12,11,000	66,18,623	74,51,000	1,06,63,000	44,46,821	53,42,000	26
Ecclesiastical	11,86,560	12,08,000	12,55,000	2,40,029	2,73,000	2,93,000	2,61,785	2,84,000	27
Medical	82,49,903	89,91,000	1,15,29,000	13,92,604	15,51,000	17,92,000	9,25,806	11,11,000	28
Sanitation	38,86,831	51,66,000	92,48,000	22,45,546	19,33,000	20,71,000	9,81,300	7,79,000	29
Political	2,81,76,487	4,81,87,000	2,35,95,000	1,34,561	1,57,000	2,29,000	5,91,287	6,95,000	30
Agriculture	51,16,149	60,15,000	75,03,000	14,48,422	17,66,000	19,28,000	13,62,967	17,60,000	31
Scientific and Miscellaneous Departments	63,42,310	85,42,000	84,71,000	1,52,149	2,05,000	2,03,000	1,39,951	1,71,000	32
Total	17,16,50,135	20,68,15,000	20,48,15,000	3,60,67,440	3,89,71,000	4,26,55,000	2,34,06,476	2,55,54,000	33
Miscellaneous Civil Charges:									
Territorial and Political Pensions	16,70,902	17,47,000	17,08,000	7,35,697	7,28,000	7,84,000	69,061	70,000	34
Civil Furlough and Absentee Allowances	23,638	52,000	29,000	103	...	1,000	2,442	...	35
Superannuation Allowances and Pensions	1,26,47,820	1,33,94,000	1,36,92,000	38,81,161	39,53,000	41,60,000	25,85,752	26,19,000	36
Stationery and Printing	88,74,855	1,05,44,000	87,68,000	8,60,949	9,89,000	9,16,000	7,30,654	8,12,000	37
Miscellaneous	56,61,602	61,14,000	63,73,000	2,99,099	8,10,000	30,39,000	15,75,708	21,02,000	38
Total	2,88,78,817	3,18,51,000	3,05,70,000	57,77,009	64,80,000	89,00,000	49,66,617	56,03,000	39
Famine Relief and Insurance:									
Famine Relief	21,051	73,64,000	64,00,000	4,117	20,50,000	92,06,000	—4,531	3,00,000	40
Construction of Protective Railways	—299	—5,000	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	29,02,637	30,01,000	30,59,000	6,71,875	3,30,000	7,32,000	...	...	42
Reduction or Avoidance of Debt	97,77,096	31,000	...	...	...	...	...	...	43
Total	1,27,00,485	1,03,91,000	94,59,000	6,75,992	23,80,000	99,38,000	—4,531	3,00,000	44
Carried forward	35,52,36,170	44,71,91,000	44,73,38,000	7,54,80,363	8,68,52,000	9,91,47,000	3,54,82,118	3,97,73,000	45

in each of the Provinces of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1918-1919—*continued*.

		Burma.			Bihar and Orissa.			Carried forward.		
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1912-1920.
	Rs.	Rs.	Rs	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,53,000	10,59,929	12,97,000	9,00,000	88,980	1,15,000	1,09,000	86,73,236	1,85,01,000	1,02,33,000
2	98,000	200	1,000	1,000	1,06,181	1,07,000	1,07,000	1,65,84,359	1,64,62,000	1,68,33,000
3	54,75,000	60,19,036	72,59,000	70,26,000	32,29,834	32,23,000	31,17,000	5,11,46,669	5,57,91,000	5,64,95,000
4	...	...	...	...	...	...	...	1,66,10,814	2,00,49,000	1,56,82,000
5	...	44,880	46,000	46,000	76,787	77,000	77,000	64,05,235	83,98,000	90,54,000
6	1,98,000	87,327	1,00,000	99,000	2,10,148	2,20,000	2,32,000	7,60,211	8,10,000	8,38,000
7	2,96,000	12,56,312	12,91,000	12,95,000	5,86,520	6,42,000	7,46,000	66,16,345	72,49,000	78,62,000
8	...	7 63,067	8,38,000	7,56,000	14,884	16,000	18,000	42,75,328	46,08,000	47,11,000
9	1,08,000	57,664	65,000	80,000	45,473	49,000	49,000	6,04,214	8,18,000	13,60,000
10	26,15,000	54,87,178	54,83,000	64,37,000	3,90,717	4,21,000	5,51,000	1,85,98,301	2,33,64,000	2,76,31,000
11	1,37,000	1,04,912	1,06,000	1,08,000	3,77,273	4,04,000	4,04,000	38,10,656	40,99,000	43,09,000
12	91,80,000	1,48,80,505	1,64,86,000	1,67,48,000	51,26,797	52,74,000	54,10,000	13,40,85,368	16,01,49,000	15,50,08,000
13	2,26,000	1,37,539	1,80,000	2,14,000	1,13,345	1,09,000	1,69,000	9,31,48,079	12,36,61,000	13,33,87,000
14	...	...	...	...	...	...	...	*6,75,37,922*	*6,97,61,000*	*7,28,85,000*
15	...	...	...	...	...	...	...	*2,08,67,708*	*2,12,36,000*	*2,15,87,000*
16	2,26,000	1,37,539	1,80,000	2,14,000	1,13,345	1,09,000	1,69,000	47,42,449	3,26,64,000	3,89,15,000
17	2,33,000	1,33,133	1,68,000	1,85,000	1,40,109	1,36,000	1,47,000	1,22,91,050	1,52,17,000	1,69,81,050
18	4,59,000	2,70,672	3,48,000	3,99,000	2,53,454	2,45,000	3,16,000	1,70,33, 99	4,78,81,000	5,58,96,000
19	...	...	...	...	...	...	...	4,92,95,455	5,64,19,000	5,88,21,000
20	...	...	...	...	...	...	...	21,97,317	33,75,000	29,35,000
21	16,72,000	23,67,747	23,23,000	23,45,000	16,68,365	17,28,000	17,22,000	2,39,29,208	2,44,24,000	2,44,45,000
22	48,18,000	49,19,585	48,00,000	49,82,000	42,62,111	42,61,000	43,30,000	4,57,43,141	4,73,45,000	4,88,59,000
23	20,45,000	16,04,131	15,34,000	15,91,000	16,07,764	20,43,000	19,70,000	1,61,76,981	1,86,12,000	1,75,17,000
24	72,38,000	1,40,07,545	1,51,11,000	1,40,75,000	49,24,252	53,17,000	55,15,000	7,82,46,370	8,25,64,000	8,74,11,000
25	...	15,65,900	15,98,000	16,80,000	4,545	6,000	6,000	28,91,835	30,27,000	32,31,000
26	60,44,000	35,22,321	42,35,000	41,92,000	40,31,570	44,81,000	49,95,000	4,57,87,705	5,40,11,000	6,71,05,000
27	2,85,000	1,35,100	1,28,000	1,48,000	39,215	42,000	43,000	18,62,689	19,35,000	20,24,000
28	17,84,000	16,94,198	18,41,000	19,25,000	7,60,221	8,99,000	10,04,000	1,30,22,732	1,43,93,000	1,80,34,000
29	10,64,000	8,10,417	8,96,000	9,31,000	2,41,857	3,79,000	5,89,000	81,65,951	91,53,000	1,39,63,000
30	5,91,000	12,24,963	12,75,000	16,18,000	59,228	55,000	78,000	3,01,86,526	5,03,69,000	2,61,06,000
31	26,87,000	7,52,034	7,33,000	8,08,000	6,01,247	7,05,000	7,58,000	92,80,819	1,09,79,000	1,36,84,000
32	2,07,000	1,24,683	1,46,000	1,53,000	41,067	82,000	1,06,000	68,00,160	91,46,000	91,40,000
33	2,84,30,000	3,27,28,624	3,46,20,000	3,44,43,000	1,82,41,442	1,99,98,000	2,11,16,000	28,20,94,117	32,59,58,000	33,14,59,000
34	70,000	1,22,079	1,30,000	1,63,000	73,749	57,000	53,000	26,71,488	27,32,000	27,78,000
35	...	...	...	...	3,244	5,000	5,000	29,427	57,000	35,000
36	27,26,000	12,02,419	14,50,000	14,63,000	9,94,531	10,36,000	10,58,000	2,13,11,683	2,24,52,000	2,30,99,000
37	9,18,000	6,32,658	8,26,000	9,12,000	7,07,170	7,03,000	6,78,000	1,18,06,286	1,38,74,000	1,21,92,000
38	25,45,000	5,73,993	5,73,000	5,64,000	2,28,385	2,44,000	5,96,000	83,41,787	98,43,000	1,31,17,000
39	62,59,000	25,31,149	29,79,000	31,02,000	20,07,079	20,45,000	23,90,000	4,41,60,671	4,89,58,000	5,12,21,000
40	4,00,000	...	...	...	18,290	1,00,000	16,00,000	38,927	98,14,000	1,76,06,000
41	...	...	...	...	...	...	...	—299	—5,000	...
42	...	...	...	...	1,07,375	1,64,000	1,97,000	36,82,088	34,95,000	39,88,000
43	...	...	...	...	...	...	...	97,77,096	31,000	...
44	4,00,000	...	...	...	1,25,866	2,64,000	17,97,000	1,34,97,812	1,33,35,000	2,15,94,000
45	4,47,28,000	5,04,10,950	5,44,33,000	5,46,92,000	2,57,54,638	2,78,26,000	3,10,29,000	54,23,64,239	65,60,75,000	67,69,34,000

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERAR.			ASSAM.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
Direct Demands on the Revenues:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Refunds and Drawbacks	86,73,236	1,85,01,000	1,02,33,000	1,01,748	1,05,000	1,10,000	43,859	1,21,000	55,000	1
Assignments and Compensations	1,65,84,359	1,64,62,000	1,68,33,000	25,54,961	25,54,000	25,54,000	48,796	55,000	55,000	2
Charges in respect of Collection, *viz.*:—										
Land Revenue	5,11,46,669	5,57,91,000	5,64,95,000	39,61,980	42,20,000	41,52,000	15,93,202	15,78,000	16,13,000	3
Opium (including cost of Production)	1,66,10,814	2,00,49,000	1,56,82,000	...	...	...	...	...	...	4
Salt (including cost of Production)	64,05,235	83,98,000	90,54,000	...	...	...	844	1,000	1,000	5
Stamps	7,60,211	8,10,000	8,38,000	1,20,154	1,25,000	1,28,000	43,775	44,000	46,000	6
Excise	66,16,345	72,49,000	78,62,000	5,28,428	5,56,000	5,73,000	1,19,964	2,35,000	1,24,000	7
Customs	42,75,328	46,08,000	47,11,000	...	...	...	...	...	...	8
Income Tax	6,04,214	8,18,000	13,60,000	29,127	42,000	63,000	4,428	5,000	5,000	9
Forest	1,85,98,301	2,33,64,000	2,76,31,000	18,72,124	20,40,000	21,65,000	6,86,627	7,13,000	9,02,000	10
Registration	38,10,656	40,99,000	43,09,000	1,62,399	1,73,000	1,64,000	67,108	66,000	75,000	11
Total	13,40,85,368	16,01,49,000	15,50,08,000	93,30,921	98,15,000	99,09,000	26,08,603	28,18,000	28,76,000	12
Interest:										
Interest on Debt	9,31,48,079	12,36,61,000	13,33,87,000	1,55,931	1,93,000	3,03,000	1,62,312	1,46,000	1,10,000	13
Deduct—Amounts chargeable to Railways	*6,75,37,922*	*6,97,61,000*	*7,28,85,000*	...	...	...	...	...	...	14
Deduct—Amounts chargeable to Irrigation	*2,08,67,708*	*2,12,36,000*	*2,15,87,000*	...	...	...	...	...	...	15
Remainder chargeable on Ordinary Debt	47,42,449	3,26,64,000	3,89,15,000	1,55,931	1,93,000	3,03,000	1,62,312	1,46,000	1,10,000	16
Interest on other Obligations	1,22,91,050	1,52,17,000	1,69,81,000	1,05,529	1,36,000	1,55,000	42,206	50,000	53,000	17
Total	1,70,33,499	4,78,81,000	5,58,96,000	2,61,460	3,29,000	4,58,000	2,04,518	1,96,000	1,63,000	18
Posts and Telegraphs	4,92,95,455	5,64,19,000	5,88,21,000	...	...	...	...	...	...	19
Mint	21,97,317	33,75,000	29,35,000	...	...	...	...	...	...	20
Salaries and Expenses of Civil Departments:										
General Administration	2,39,29,208	2,44,24,000	2,44,45,000	11,54,664	11,87,000	11,53,000	7,62,184	7,95,000	7,85,000	21
Law and Justice:	4,57,43,141	4,73,45,000	4,88,59,000	30,12,340	31,67,000	31,31,000	10,44,450	10,76,000	10,75,000	22
Courts of Law	1,61,76,981	1,86,12,000	1,75,17,000	7,28,647	9,15,000	8,21,000	3,33,765	3,49,000	3,69,000	23
Jails	7,82,46,370	8,25,64,000	8,74,11,000	36,33,167	39,19,000	37,97,000	23,71,725	40,90,000	38,38,000	24
Police	28,91,835	30,27,000	32,31,000	...	...	...	61,340	71,000	63,000	25
Ports and Pilotage	4,57,87,705	5,40,11,000	6,71,05,000	34,54,339	37,69,000	39,97,000	15,04,416	15,96,000	20,31,000	26
Education	18,62,689	19,35,000	20,24,000	1,03,088	1,25,000	1,31,000	20,051	26,000	28,000	27
Ecclesiastical	1,30,22,732	1,43,93,000	1,80,34,000	8,66,858	8,44,000	10,34,000	5,44,054	5,35,000	5,91,000	28
Medical	81,65,951	91,53,000	1,39,03,000	7,77,524	8,49,000	6,21,000	1,74,713	3,09,000	3,67,000	29
Sanitation	3,01,86,526	5,03,69,000	2,61,06,000	33,160	39,000	40,000	5,32,735	5,45,000	3,98,000	30
Political	92,80,819	1,09,79,000	1,36,84,000	8,81,386	9,65,000	10,68,000	3,32,134	3,34,000	4,32,000	31
Agriculture	68,00,160	91,46,000	91,40,000	1,55,593	2,41,000	3,52,000	84,237	82,000	95,000	32
Scientific and Miscellaneous Departments										
Total	28,20,94,117	32,59,58,000	33,14,59,000	1,48,00,706	1,60,20,000	1,61,45,000	77,65,804	98,08,000	1,00,72,000	33
Miscellaneous Civil Charges:										
Territorial and Political Pensions	26,71,488	27,32,000	27,78,000	1,69,039	1,73,000	1,76,000	7,124	8,000	8,000	34
Civil Furlough and Absentee Allowances	29,427	57,000	35,000	...	...	...	...	...	...	35
Superannuation Allowances and Pensions	2,13,11,683	2,24,52,000	2,30,99,000	11,14,168	11,10,000	11,45,000	3,23,098	3,40,000	3,57,000	36
Stationery and Printing	1,13,06,286	1,38,74,000	1,21,92,000	4,04,469	4,23,000	3,91,000	1,50,041	1,64,000	1,86,000	37
Miscellaneous	83,41,787	98,43,000	1,31,17,000	2,25,602	2,87,000	13,67,000	4,60,486	4,94,000	5,45,000	38
Total	4,41,60,671	4,89,58,000	5,12,21,000	19,13,278	19,93,000	30,79,000	9,40,749	10,06,000	10,96,000	39
Famine Relief and Insurance:										
Famine Relief	38,927	98,14,000	1,76,06,000	...	3,50,000	39,30,000	17,549	...	...	40
Construction of Protective Railways	—299	+5,000	...	...	...	...	...	...	...	41
Construction of Protective Irrigation Works	36,82,088	34,95,000	39,88,000	14,62,313	13,00,000	13,00,000	...	...	...	42
Reduction or Avoidance of Debt	97,77,096	31,000	...	...	...	...	...	...	...	43
Total	1,34,97,312	1,33,35,000	2,15,94,000	14,62,313	16,50,000	52,30,000	17,549	...	...	44
Carried forward	54,23,64,239	65,60,75,000	67,69,34,000	2,77,68,678	2,98,07,000	3,48,21,000	1,15,37,223	1,38,28,000	1,42,07,000	45

in each of the Provinces of *British India*, and in *England*, for 1919-1920,
Results of 1917-1918 and 1919-1920—*continued*.

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at R15=£1.								
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	88,18,843	1,87,27,000	1,03,98,000	587,922	1,248,500	693,200	...	...	...	587,922	1,248,500	693,200
2	1,91,88,116	1,90,71,000	1,94,42,000	1,279,208	1,271,400	1,296,100	...	...	...	1,279,208	1,271,400	1,296,100
3	5,67,01,851	6,15,89,000	6,22,60,000	3,780,124	4,105,900	4,150,700	2,152	1,300	1,600	3,782,276	4,107,200	4,152,300
4	1,66,10,814	2,00,49,000	1,56,82,000	1,107,387	1,336,600	1,045,500	1,395	600	600	1,108,782	1,337,200	1,046,100
5	64,06,079	83,99,000	90,55,000	427,072	559,900	603,700	385	2,100	1,000	427,457	562,000	604,700
6	9,24,140	9,79,000	10,12,000	61,609	65,300	67,500	114,713	145,000	98,700	176,322	210,300	166,200
7	72,64,737	80,40,000	85,59,000	484,316	536,000	570,600	232	400	100	484,548	536,400	570,700
8	42,75,328	46,08,000	47,11,000	285,022	307,200	314,000	254	100	100	285,276	307,300	314,100
9	6,37,769	8,65,000	14,28,000	42,518	57,700	95,200	...	...	...	42,518	57,700	95,200
10	2,11,57,052	2,61,17,000	3,06,98,000	1,410,470	1,741,100	2,046,500	572	1,600	5,000	1,411,042	1,742,700	2,051,500
11	40,40,163	43,38,000	45,48,000	269,344	289,200	303,200	...	...	...	269,344	289,200	303,200
12	14,60,24,892	17,27,82,000	16,77,93,000	9,734,992	11,518,800	11,186,200	119,703	151,100	107,100	9,854,695	11,669,900	11,293,300
13	9,34,66,322	12,40,00,000	13,38,00,000	6,231,088	8,266,700	8,920,000	9,938,905	8,400,600	7,819,900	16,169,993	16,667,300	16,739,900
14	*6,75,37,922*	*6,97,61,000*	*7,28,85,000*	*4,502,528*	*4,650,800*	*4,859,000*	*3,652,953*	*3,636,600*	*3,699,600*	*8,155,481*	*8,287,400*	*8,558,600*
15	*2,08,67,708*	*2,12,36,000*	*2,15,87,000*	*1,391,180*	*1,415,700*	*1,439,100*	*124,415*	*124,500*	*124,600*	*1,515,595*	*1,540,200*	*1,563,700*
16	50,60,692	3,30,03,000	3,93,28,000	337,380	2,200,200	2,621,900	6,161,537	4,639,500	3,995,700	6,498,917	6,839,700	6,617,600
17	1,24,38,785	1,54,03,000	1,71,89,000	829,252	1,026,900	1,145,900	...	...	...	829,252	1,026,900	1,145,900
18	1,74,99,477	4,84,06,000	5,65,17,000	1,166,632	3,227,100	3,767,800	6,161,537	4,639,500	3,995,700	7,328,169	7,866,600	7,763,500
19	4,92,95,455	5,64,19,000	5,88,21,000	3,286,364	3,761,300	3,921,400	281,366	355,200	658,800	3,567,730	4,116,500	4,580,200
20	21,97,317	33,75,000	29,35,000	146,488	225,000	195,700	20,894	42,000	88,800	167,382	267,000	284,500
21	2,58,46,056	2,64,06,000	2,63,83,000	1,723,071	1,760,400	1,758,900	441,845	674,800	592,400	2,164,916	2,435,200	2,351,300
22	4,97,99,931	5,15,88,000	5,30,65,000	3,319,995	3,439,200	3,537,700	787	1,300	5,800	3,320,782	3,440,500	3,543,500
23	1,72,39,393	1,98,76,000	1,87,07,000	1,149,293	1,325,100	1,247,100	28	...	...	1,149,321	1,325,100	1,247,100
24	8,42,51,262	9,05,78,000	9,50,46,000	5,616,751	6,038,200	6,336,400	336	1,400	3,500	5,617,087	6,039,600	6,339,900
25	29 53,175	30,98,000	32,94,000	196,878	206,500	219,600	...	...	...	196,878	206,500	219,600
26	5,07,46,460	5,93,76,000	7,31,33,000	3,383,097	3,958,400	4,875,600	11,577	14,800	13,000	3,394,674	3,973,200	4,888,600
27	19,85,828	20,86,000	21,83,000	132,389	139,100	145,500	281	800	900	132,670	139,900	146,400
28	1,44,33,644	1,57,72,000	1,96,59,000	962,243	1,051,500	1,310,600	553	14,100	37,500	962,796	1,065,600	1,348,100
29	91,18,188	1,03,11,000	1,48,91,000	607,879	687,400	992,700	1,263	1,500	1,500	609,142	688,900	994,200
30	3,07,52,361	5,09,53,000	2,65,44,000	2,050,157	3,396,800	1,769,600	42,112	21,700	14,200	2,092,269	3,418,500	1,783,800
31	1,04,94,339	1,22,78,000	1,51,84,000	699,623	818,500	1,012,200	2,510	6,400	5,400	702,133	824,900	1,017,600
32	70,39,990	94,69,000	95,87,000	469,333	631,300	639,100	43,367	44,300	29,900	512,700	675,600	669,000
33	30,46,60,627	35,17,86,000	35,76,76,000	20,310,709	23,452,400	23,845,000	544,659	781,100	704,100	20,855,368	24,233,500	24,549,100
34	28,47,651	29,13,000	29,62,000	189,843	194,200	197,500	10,430	—7,600	3,400	200,273	186,600	200,900
35	29,427	57,000	35,000	1,962	3,800	2,300	180,502	142,000	300,000	182,464	145,800	302,300
36	2,27,48,949	2,39,02,000	2,46,01,000	1,516,597	1,593,500	1,640,100	1,968,596	1,967,000	1,978,000	3,485,193	3,560,500	3,618,100
37	1,23,60,796	1,44,61,000	1,27,69,000	824,053	964,100	851,300	128,152	125,200	138,300	952,205	1,089,300	989,600
38	90,27,875	1,06,24,000	1,50,29,000	601,858	708,200	1,001,900	496,714	567,000	26,300	1,098,572	1,275,200	1,028,200
39	4 70,14 698	5,19.57,000	5,53,96,000	3,134,318	3,463,800	3,693,100	2,784,394	2,793,600	2446,000	5,918,707	6,257,400	6,139,100
40	56,476	1,01,64,000	2,15,36,000	3,765	677,600	1,435,800	...	...	...	3,765	677,600	1,435,800
41	—299	—5,000	...	—20	—300	...	...	...	...	—20	—300	...
42	51,44,401	47,95,000	52,88,000	342,960	319,600	352,500	1,489	1,000	800	344,449	320,600	353,300
43	97,77,096	31,600	...	651,806	2,100	...	...	...	...	651,806	2,100	...
44	1,49,77,674	1,49,85,000	2,68,24,000	998,511	999,000	1,788,300	1,489	1,000	800	1,000,000	1,000,000	1,789,100
45	58,16,70,140	69,97,10,000	72,59,62,000	38,778,009	46,647,400	48,397,500	9,914,042	8,763,500	8,001,300	48,692,051	55,410,900	56,398,800

No. 2.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	INDIA, GENERAL.			N.-W. FRONTIER PROVINCE.			MADRAS.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward . . .	12,89,91,267	18,53,35,000	16,52,33,000	1,10,26,546	1,14,70,000	1,21,33,000	7,16,46,156	7,76,26,000	1
Railway Revenue Account.									
State Railways:									
Interest on Debt	6,72,82,596	6,94,45,000	7,25,52,000	...	...	...	...	...	2
Annuities in purchase of Railways .	...	...	...	...	...	...	...	...	3
Sinking Funds	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on advances	2,55,326	3,16,000	3,33,000	...	...	...	...	...	5
Interest on Capital deposited by Companies	8,67,459	7,83,000	7,96,000	...	...	...	...	...	6
Subsidized Companies: Land, etc. .	9,50,814	3,50,000	6,50,000	...	...	...	...	...	7
Miscellaneous Railway Expenditure .	7,95,692	9,50,000	13,00,000	...	...	...	...	...	8
Total .	7,01,51,887	7,18,44,000	7,56,31,000	...	...	...	...	...	9
Irrigation:									
Major Works:									
Working Expenses	...	...	2,33,000	7,05,133	7,85,000	6,32,000	22,13,265	19,90,000	10
Interest on Debt	—*18,66,230*	—*18,67,000*	—*18,69,000*	9,11,669	9,50,000	9,57,000	30,81,300	31,11,000	11
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance.	...	...	...	...	...	...	...	...	12
Minor Works and Navigation . . .	1,45,236	1,93,000	2,70,000	74,152	4,06,000	1,61,000	40,69,684	44,83,000	13
Total .	—*17,20,994*	—*16,74,000*	—*13,66,000*	16,90,954	21,41,000	17,50,000	93,64,249	95,84,000	14
Other Public Works:									
Construction of Railways charged to Provincial Revenues . . .	...	...	...	...	...	...	...	...	15
Civil Works	36,67,882	37,29,000	43,21,000	25,29,807	19,82,000	33,87,000	80,36,303	1,02,88,000	16
Total .	36,67,882	37,29,000	43,21,000	25,29,807	19,82,000	33,87,000	80,36,303	1,02,88,000	17
Military Services:									
Army:									
Effective	31,62,89,725	53,54,56,000	48,57,32,000	...	...	...	...	...	18
Non-effective	1,46,21,875	1,59,90,000	1,78,71,000	...	...	...	...	...	19
Marine	67,45,164	61,62,000	62,40,000	...	...	...	...	...	20
Military Works	2,71,46,033	4,09,20,000	2,66,70,000	...	...	...	...	...	21
Special Defences (1902)	1,32,213	...	...	...	...	...	...	...	22
Total .	36,49,35,010	59,85,28,000	53,65,13,000	...	...	...	...	...	23
Total Expenditure .	56,60,25,052	85,77,62,000	78,03,32,000	1,52,47,307	1,55,93,000	1,72,70,000	8,90,46,708	9,74,98,000	24
Add—Portion of Allotments to Provincial Governments not spent by them in the year . .	...	...	...	...	...	...	48,70,517	...	25
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances . .	...	...	...	...	...	...	...	*4,99,000*	26
Total Expenditure charged to Revenue	56,60,25,052	85,77,62,000	78,03,32,000	1,52,47,307	1,55,93,000	1,72,70,000	9,39,17,225	9,69,99,000	27
Railway, Irrigation and other Capital not charged to Revenue:									
Capital Outlay on Railways and Irrigation Works:									
State Railways	4,69,80,467	5,55,10,000	13,59,00,000	...	...	...	...	...	28
Irrigation Works	...	...	6,31,000	6,53,773	24,000	5,46,000	5,62,967	5,30,000	29
Initial Expenditure on New Capital at Delhi	36,63,856	42,61,000	34,00,000	...	...	...	...	...	30
Total .	5,06,44,323	5,97,71,000	13,99,31,000	6,53,773	24,000	5,46,000	5,62,967	5,30,000	31

in each of the Provinces of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1918-1919—*continued*.

		Bombay.			Bengal.			Carried forward.		
	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	8,78,78,000	8,04,90,703	10,36,50,000	11,08,22,000	6,30,81,498	6,91,10,000	7,12,72,000	35,52,36,170	44,71,91,000	44,73,38,000
2	...	...	...	...	...	...	...	6,72,82,596	6,94,45,000	7,25,52,000
3	...	...	...	...	...	...	...	...	...	...
4	...	...	...	...	...	...	...	...	...	...
5	...	...	...	...	...	...	...	2,55,326	3,16,000	3,33,000
6	...	...	...	...	...	...	...	8,67,459	7,83,000	7,96,000
7	...	...	...	...	...	...	...	9,50,814	3,50,000	6,50,000
8	...	...	...	...	...	...	...	7,95,692	9,50,000	13,00,000
9	...	...	...	...	...	...	...	7,01,51,887	7,18,44,000	7,56,31,000
10	17,24,000	17,89,374	19,13,000	17,51,000	1,71,300	2,37,000	2,03,000	48,79,072	49,25,000	45,43,000
11	31,38,000	27,42,635	28,40,000	29,47,000	3,77,223	3,78,000	3,78,000	52,46,597	54,12,000	55,51,000
12	...	...	...	...	...	...	...	...	...	...
13	45,03,000	28,33,016	23,86,000	34,58,000	23,44,716	28,36,000	35,08,000	94,66,804	1,13,04,000	1,19,00,000
14	93,65,000	73,65,025	81,39,000	81,56,000	28,93,239	34,51,000	40,89,000	1,95,92,473	2,16,41,000	2,19,94,000
15	...	...	...	...	...	...	...	...	...	...
16	1,09,20,000	1,01,55,617	1,11,39,000	1,57,52,000	98,57,993	1,19,08,000	1,41,75,000	3,42,47,602	3,90,46,000	4,85,55,000
17	1,09,20,000	1,01,55,617	1,11,39,000	1,57,52,000	98,57,993	1,19,08,000	1,41,75,000	3,42,47,602	3,90,46,000	4,85,55,000
18	...	...	...	...	...	...	...	31,62,89,725	53,54,56,000	48,57,32,000
19	...	...	...	...	...	...	...	1,46,21,875	1,59,90,000	1,78,71,000
20	...	...	...	...	...	...	...	67,45,164	61,62,000	62,40,000
21	...	...	...	...	...	...	...	2,71,46,033	4,09,20,000	2,66,70,000
22	...	...	...	...	...	...	...	1,32,213	...	...
23	...	...	...	...	...	...	...	36,49,35,010	59,85,28,000	53,65,13,000
24	10,81,63,000	9,80,11,345	12,29,28,000	13, 7,30,000	7,58,32,730	8,44,69,000	8,95,36,000	84,41,63,142	1,17,82,50,000	1,13,00,31,000
25	...	1,20,67,708	63,30,000	...	28,00,634	2,88,000	...	1,97,38,859	66,18,000	...
26	*75,25,000*	...	...	13,73,000	...	...	*47,29,000*	...	*4,99,000*	*1,36,27,000*
27	10,06,38,000	11,00,79,053	12,92,58,000	13,33,57,000	7,86,33,364	8,47,57,000	8,48,07,000	86,39,02,001	1,18,43,69,000	1,11,64,04,000
28	...	...	...	...	...	...	...	4,69,80,467	5,55,10,000	13.59,00,000
29	4,10,000	73,637	2,10,000	3,96,000	...	...	...	12,90,377	7,64,000	19,83,000
30	...	...	...	...	...	...	...	36,63,856	42,61,000	34,00,000
31	4,10,000	73,637	2,10,000	3,96,000	...	...	...	5,19,34,700	6,05,35,000	14,12,83,000

No. 2.—Amount showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			UNITED PROVINCES OF AGRA AND OUDH.			PUNJAB.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	35,52,36,170	44,71,91,000	44,73,38,000	7,54,80,363	8,68,52,000	9,91,47,000	3,54,82,118	3,97,73,000	4,47,28,000	1
Railway Revenue Account.										
State Railways :										
Interest on Debt . . .	6,72,82,596	6,94,45,000	7,25,52,000	...	...	...	...	...	...	2
Annuities in purchase of Railways . . .	...	...	...	...	...	...	...	...	...	3
Sinking Funds. . .	...	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on Advances .	2,55,326	3,16,000	3,33,000	...	...	...	...	...	...	5
Interest on Capital deposited by Companies . . .	8,67,459	7,83,000	7,96,000	...	...	...	...	...	...	6
Subsidized Companies :										
Land, etc.	9,50,814	3,50,000	6,50,000	4,995	5,000	5,000	...	...	...	7
Miscellaneous Railway Expenditure	7,95,692	9,50,000	13,00,000	...	1,000	...	...	...	...	8
Total .	7,01,51,887	7,18,44,000	7,56,31,000	4,995	6,000	5,000	...	...	...	9
Irrigation :										
Major Works :										
Working Expenses . .	48,79,072	49,25,000	45,43,000	35,03,088	34,65,000	35,65,000	1,04,21,396	1,04,02,000	1,05,29,000	10
Interest on Debt . .	52,46,597	54,12,000	55,51,000	41,11,358	41,47,000	41,71,000	74,84,392	75,52,000	76,17,000	11
Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance . .	...	...	...	...	...	...	...	...	...	12
Minor Works and Navigation	94,66,804	1,13,04,000	1,19,00,000	3,80,730	6,50,000	7,05,000	11,57,296	14,00,000	13,81,000	13
Total .	1,95,92,473	2,16,41,000	2,19,94,000	79,95,176	82,62,000	84,41,000	1,90,63,084	1,93,54,000	1,95,27,000	14
Other Public Works :										
Construction of Railways charged to Provincial Revenues. . .	...	...	...	...	1,00,000	66,000	...	...	...	15
Civil Works . . .	3,42,47,602	3,90,46,000	4,85,55,000	68,97,413	74,24,000	82,55,000	57,24,592	79,01,000	98,18,000	16
Total .	3,42,47,602	3,90,46,000	4,85,55,000	68,97,413	75,24,000	83,21,000	57,24,592	79,01,000	98,18,000	17
Military Services :										
Army :										
Effective	31,62,89,725	53,54,56,000	48,57,32,000	...	...	...	...	...	...	18
Non-effective . . .	1,46,21,875	1,59,90,000	1,78,71,000	...	...	...	...	...	...	19
Marine.	67,45,164	61,62,000	62,40,000	...	...	...	...	...	...	20
Military Works . . .	2,71,46,033	4,09,20,000	2,66,70,000	...	...	...	...	...	...	21
Special Defences (1902) . .	1,32,213	...	...	...	...	...	...	...	...	22
Total .	36,49,35,010	59,85,28,000	53,65,13,000	...	...	...	...	...	...	23
Total Expenditure .	84,41,63,142	1,17,82,50,000	1,13,00,31,000	9,03,77,947	10,26,44,000	11,59,14,000	6,02,69,794	6,70,28,000	7,40,73,000	24
Add—Portion of Allotments to Provincial Governments not spent by them in the year .	1,97,38,859	66,18,000	...	52,80,082	8,92,000	...	71,76,786	32,33,000	...	25
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances . .	...	*4,99,000*	*1,36,27,000*	...	...	*48,07,000*	...	...	*10,78,000*	26
Total Expenditure charged to Revenue . . .	86,39,02,001	1,18,43,69,000	1,11,64,04,000	9,56,58,029	10,35,36,000	11,11,07,000	6,74,46,580	7,02,61,000	7,29,95,000	27
Railway, Irrigation and other Capital not charged to Revenue :										
Capital Outlay on Railways, Irrigation and other Works :										
State Railways . .	4,69,80,467	5,55,10,000	13,59,00,000	...	...	...	...	...	...	28
Irrigation Works .	12,90,377	7,64,000	19,83,000	5,90,884	5,15,000	—1,79,000	26,02,787	9,96,000	23,27,000	29
Initial Expenditure on New Capital at Delhi . . .	36,63,856	42,61,000	34,00,000	...	...	...	...	...	...	30
Total .	5,19,34,700	6,05,35,000	14,12,83,000	5,90,884	5,15,000	—1,79,000	26,02,787	9,96,000	23,27,000	31

in each of the Provinces of *British India*, and in *England*, for 1919-1920.
Results of 1917-1918 and 1918-1919—*continued*.

	Burma.			Bihar and Orissa.			Carried over.		
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	5,04,10,950	5,44,33,000	5,46,92,000	2,57,54,638	2,78,26,000	3,10,29,000	54,23,64,239	65,60,75,000	67,69,34,000
2	...	...	...	...	...	...	6,72,82,596	6,94,45,000	7,25,52,000
3	...	...	...	...	...	...	...	...	...
4	...	...	...	...	...	...	...	...	...
5	...	...	...	...	...	...	2,55,326	3,16,000	3,33,000
6	...	...	...	...	...	...	8,67,459	7,83,000	7,96,000
7	...	...	...	...	...	...	9,55,809	3,55,000	6,55,000
8	...	...	...	...	...	...	7,95,692	9,51,000	13,00,000
9	...	...	...	...	...	...	7,01,56,882	7,18,50,000	7,56,36,000
10	5,39,665	6,20,000	7,27,000	15,21,518	13,77,000	13,87,000	2,08,64,739	2,07,89,000	2,07,51,000
11	9,28,569	9,30,000	9,49,000	20,97,976	21,03,000	21,10,000	1,98,68,892	2,01,44,000	2,03,98,000
12	...	...	...	...	...	...	...	...	...
13	13,68,905	14,00,000	15,97,000	1,88,770	1,60,000	2,17,000	1,25,62,505	1,49,14,000	1,58,00,000
14	28,37,139	29,50,000	32,73,000	38,08,264	36,40,000	37,14,000	5,32,96,136	5,58,47,000	5,69,49,000
15	...	...	...	...	...	...	...	1,00,000	66,000
16	98,16,304	96,86,000	1,50,06,000	77,75,173	80,61,000	82,62,000	6,44,61,084	7,21,18,000	8,98,96,000
17	98,16,304	96,86,000	1,50,06,000	77,75,173	80,61,000	82,62,000	6,44,61,084	7,22,18,000	8,99,62,000
18	...	...	...	...	...	...	31,62,89,725	53,54,56,000	48,57,32,000
19	...	...	...	...	...	...	1,46,21,875	1,59,90,000	1,78,71,000
20	...	...	...	...	...	...	67,45,164	61,62,000	62,40,000
21	...	...	...	...	...	...	2,71,46,033	4,09,20,000	2,66,70,000
22	...	...	...	...	...	...	1,32,213	...	...
23	...	...	...	...	...	...	36,49,35,010	59,85,28,000	53,65,13,000
24	6,30,64,393	6,70,69,000	7,29,71,000	3,78,38,075	3,95,27,000	4,30,05,000	1,09,52,13,351	1,45,45,18,000	1,43,59,94,000
25	...	40,36,000	...	...	4,48,000	...	3,21,95,727	1,52,27,000	...
26	*22,68,311*	...	*36,88,000*	*6,95,216*	...	*29,64,000*	*29,63,527*	*4,99,000*	*2,61,64,000*
27	6,07,96,082	7,11,05,000	6,92,83,000	3,66,42,859	3,99,75,000	4,00,41,000	1,12,44,45,551	1,46,92,46,000	1,40,98,30,000
28	...	...	...	...	...	...	4,69,80,467	5,55,10,000	13,59,00,000
29	—4,49,412	4,35,000	5,42,000	—1,330	...	...	40,33,276	27,10,000	46,73,000
30	...	...	...	...	...	...	36,63,856	42,61,000	34,00,000
31	—4,49,442	4,35,000	5,42,000	—1,330	...	...	5,46,77,599	6,24,81,000	14,39,73,000

No. 3.—Account showing the Estimated Expenditure (Imperial and Provincial) compared with the

HEADS OF EXPENDITURE.	BROUGHT FORWARD.			CENTRAL PROVINCES AND BERAR.			ASSAM.			
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	54,23,64,239	65,60,75,000	67,69,34,000	2,77,68,678	2,98,07,000	3,48,21,000	1,15,37,223	1,38,28,000	1,42,07,000	1
Railway Revenue Account:										
State Railways: Interest on Debt	6,72,82,596	6,94,45,000	7,25,52,000	...	...	...	...	...	...	2
Annuities in purchase of Railways	...	...	...	...	...	...	...	...	...	3
Sinking Funds	...	...	...	...	...	...	...	...	...	4
Interest chargeable against Companies on advances .	2,55,326	3,16,000	3,33,000	...	...	...	...	...	...	5
Interest on Capital deposited by Companies . . .	8,67,459	7,83,000	7,96,000	...	...	...	...	...	...	6
Subsidized Companies: Land, etc.	9,55,809	3,55,000	6,55,000	...	...	...	5,112	5,000	5,000	7
Miscellaneous Railway Expenditure	7,95,692	9,51,000	13,00,000	...	...	...	297	1,000	1,000	8
Total .	7,01,56,882	7,18,50,000	7,56,36,000	...	...	...	5,409	6,000	6,000	9
Irrigation:										
Major Works:										
Working Expenses . .	2,08,64,739	2,07,89,000	2,07,51,000	2,02,563	3,59,000	5,20,000	...	...	...	10
Interest on Debt. . .	1,98,68,892	2,01,44,000	2,03,98,000	9,98,816	10,92,000	11,89,000	...	...	...	11
Expenditure on Protective Irrigation works in addition to that charged under Famine Relief and Insurance . .	...	...	...	...	...	...	...	...	...	12
Minor Works and Navigation.	1,25,62,505	1,49,14,000	1,58,00,000	3,78,730	6,26,000	5,00,000	30,333	32,000	39,000	13
Total .	5,32,96,136	5,58,47,000	5,69,49,000	15,80,109	20,77,000	22,09,000	30,333	32,000	39,000	14
Other Public Works:										
Construction of Railways charged to Provincial Revenues	...	1,00,000	66,000	...	...	...	—11,493	—3,000	10,000	15
Civil Works	6,44,61,084	7,21,18,000	8,98,96,000	75,06,821	75,74,000	92,34,000	31,36,986	32,67,000	38,29,000	16
Total .	6,44,61,084	7,22,18,000	8,99,62,000	75,06,821	75,74,000	92,34,000	31,25,493	32,59,000	38,39,000	17
Military Services:										
Army:										
Effective	31,62,89,725	53,54,56,000	48,57,32,000	...	...	...	...	...	...	18
Non-effective . . .	1,46,21,875	1,59,90,000	1,78,71,000	...	...	...	...	...	...	19
Marine	67,45,164	61,62,000	62,40,000	...	...	...	...	...	...	20
Military Works . . .	2,71,46,033	4,09,20,000	2,66,70,000	...	...	...	...	...	...	21
Special Defences (1902) . .	1,32,213	...	...	...	...	...	...	...	...	22
Total .	36,46,35,010	59,85,28,000	53,65,13,000	...	...	...	...	...	...	23
Total Expenditure .	1,09,52,13,351	1,45,45,18,000	1,43,59,94,000	3,68,55,608	3,94,58,000	4,62,64,000	1,46,98,458	1,71,25,000	1,80,91,000	24
Add—Portion of Allotments to Provincial Governments not spent by them in the year .	3,21,95,727	1,52,27,000	...	10,42,303	...	...	6,11,321	11,38,000	...	25
Deduct—Portion of Provincial Expenditure defrayed from Provincial balances . .	*29,63,527*	*4,99,000*	*2,61,64,000*	...	*11,73,000*	*24,52,000*	...	...	*1,58,000*	26
Total Expenditure charged to Revenue	1,12,44,45,551	1,46,92,46,000	1,40,98,30,000	3,78,97,911	3,82,85,000	4,38,12,000	1,53,09,779	1,82,63,000	1,79,33,000	27
Railway, Irrigation and Other Capital not charged to Revenue:										
Capital Outlay on Railways, Irrigation and other Works:										
State Railways . .	4,69,80,467	5,55,10,000	13,59,00,000	...	...	...	...	...	...	28
Irrigation Works . .	40,33,276	27,10,000	46,73,000	15,54,650	11,33,000	17,00,000	...	...	...	29
Initial Expenditure on New Capital at Delhi . . .	36,63,856	42,61,000	34,00,000	...	...	...	...	...	...	30
India's Financial Contribution to the War	...	...	...	...	...	...	...	...	...	31
Total .	5,46,77,599	6,24,81,000	14,39,73,000	15,54,650	11,33,000	17,00,000	...	...	...	32

in each of the Provinces of British India, and in England, for 1919-1920,
Results of 1917-1918 and 1918-1919— *concluded.*

	TOTAL INDIA.						ENGLAND.			GRAND TOTAL.		
	Rupees.			Rupees converted into £ at R15=£1								
	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.	1917-1918.	1918-1919.	1919-1920.
	Rs.	Rs.	Rs.	£	£	£	£	£	£	£	£	£
1	58,16,70,140	69,97,10,000	72,59,62,000	38,778,009	46,647,400	48,397,500	9,914,042	8,763,500	8,001,300	48,692,051	55,410,900	56,398,800
2	6,72,82,596	6,94,45,000	7,25,52,000	4,485,506	4,629,700	4,836,800	3,571,703	3,555,400	3,618,400	8,057,209	8,185,100	8,455,200
3	...	...	...	...	...	...	3,357,623	3,357,600	3,357,600	3,357,623	3,357,600	3,357,600
4	...	...	...	...	...	...	333,477	242,800	255,500	333,477	242,800	255,500
5	2,55,326	3,16,000	3,33,000	17,022	21,100	22,200	81,250	81,200	81,200	98,272	102,300	103,400
6	8,67,459	7,83,000	7,96,000	57,830	52,200	53,100	2,205,846	2,126,600	2,113,400	2,263,676	2,178,800	2,166,500
7	9,60,921	3,60,000	6,60,000	64,062	24,000	44,000	...	...	...	64,062	24,000	44,000
8	7,95,989	9,52,000	13,01,000	53,066	63,400	86,700	...	...	...	53,066	63,400	86,700
9	7,01,62,291	7,18,56,000	7,56,42,000	4,677,486	4,790,400	5,042,800	9,549,899	9,363,600	9,426,100	14,227,385	14,154 000	14,468,900
10	2,10,67,302	2,11,48,000	2,12,71,000	1,404,487	1,409,900	1,418,100	...	...	...	1,404,487	1,409,900	1,418,100
11	2,08,67,708	2,12,36,000	2,15,87,000	1,391,180	1,415,700	1,439,100	124,415	124,500	124,600	1,515,595	1,540,200	1,563,700
12	...	...	...	...	...	...	...	...	...	...	...	...
13	1,29,71,568	1,55,72,000	1,63,39,000	864,771	1,038,100	1,089,300	—15	100	...	864,756	1,038,200	1,089,300
14	5,49,06,578	5,79,56,000	5,91,97,000	3,660,438	3,863,700	3,946,500	124,400	124,600	124,600	3,784,838	3,988,300	4,071,100
15	—11,493	92,000	76,000	—766	6,100	5,100	...	...	...	—766	6,100	5,100
16	7,51,04,891	8,29,59,000	10,29,59,000	5,006,993	5,530,600	6,863,900	42,067	45,400	63,700	5,049,060	5,576,000	6,927,600
17	7,50,93,398	8,30,51,000	10,30,35,000	5,006,227	5,536,700	6,869,000	42,067	45,400	63,700	5,048,294	5,582,100	6,932,700
18	31,62,89,725	53,54,56,000	48,57,32,000	21,085,982	35,697,100	32,382,100	3,908,325	2,545,500	2,793,100	24,994,307	38,242,600	35,175,200
19	1,46,21,875	1,59,90,000	1,78,71,000	974,792	1,066,000	1,191,400	2,124,805	2,511,400	3,363,100	3,099,597	3,577,400	4,554,500
20	67,45,164	61,62,000	62,40,000	449,678	410,800	416,000	358,146	598,800	815,600	807,824	1,009,600	1,231,600
21	2,71,46,053	4,09,20,000	2,66,70,000	1,809,735	2,728,000	1,778,000	51,374	82,000	43,000	1,861,109	2,810,000	1,821,000
22	1,32,213	...	...	8,814	...	...	—8,001	...	...	813	...	...
23	36,49,35,010	59,85,28,000	53,65,13,000	24,329,001	39,901,900	35,767,500	6,434,649	5,737,700	7,014,800	30,763,650	45,639,600	42,782,300
24	1,14,67,67,417	1,51,11,01,000	1,50,03,49,000	76,451,161	100,740,100	100,023,300	26,065,057	24,034,800	24,630,500	102,516,218	124,774,900	124,653,800
25	3,38,49,351	1,63,65,000	...	2,256,623	1,091,000	...	...	...	...	2,256,623	1,091,000	...
26	*29,63,527*	*16,72,000*	*2,87,74,000*	*197,568*	*111,500*	*1,918,200*	...	...	...	*197,568*	*111,500*	*1,918,200*
27	1,17,76,53,241	1,52,57,94,000	1,47,15,75,000	78,510,216	101,719,600	98,105,100	26,065,057	24,034,800	24,630,500	104,575,273	125,754,400	122,735,600
28	4,69,80,467	5,55,10,000	13,59,00,000	3,132,031	3,700,700	9,060,000	439,433	603,400	7,310,500	3,571,464	4,304,100	16,370,500
29	55,87,926	38,43,000	63,73,000	372,528	256,200	424,800	463	1,200	8,500	372,991	257,400	433,300
30	36,63,856	42,61,000	34,00,000	244,257	284,100	226,700	6,286	2,600	73,300	250,543	286,700	300,000
31	...	...	...	...	...	...	100,000,000		...	100,000,000	...	...
32	5,62,32,249	6,36,14,000	14,56,73,000	3,748,816	4,241,000	9,711,500	100,446,182	607,200	7,392,300	104,194,998	4,848,200	17,103,800

Appendix III.

COMMERCIAL AND FINANCIAL STATISTICS.

Appen

COMMERCIAL AND

TABLE I.—MIS

	1910-1911.	1911-1912.	1912-1913.
Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works and the Delhi Capital not charged against Revenue—			
Surplus	£ 3,936,287	£ 3,940,334	£ 3,107,634
Deficit	...	...	...
Capital Expenditure on Railways and Irrigation Works not charged against Revenue*	£ 10,119,093	£ 8,517,915	£ 10,221,224
Ditto charge involved in Redemption of Liabilities	£ 5,904,100	...	...
Initial Expenditure on new Capital at Delhi	...	£ 4,992	£ 114,894
India's Financial Contribution to the War	...	...	...
Net Public Debt incurred	£ 8,896,956	£ 1,823,173	£ 2,937,639
Net Public Debt incurred, including Capital transactions with Railway Companies	£ 12,654,438	£ 854,140	£ 2,373,391
Value of commodities exported, excluding Gold and Silver	℞ 2,09,96,20,000	2,27,99,00,000	2,46,21,80,000
Ditto imported, ditto ditto	℞ 1,33,70,60,000	1,44,05,50,000	1,66,63,00,000
Excess of Exports over Imports, excluding Gold and Silver	℞ 76,25,60,000	83,93,50,000	79,58,80,000
Net Imports of Gold	℞ 23,97,90,000	37,76,00,000	34,00,10,000
Ditto of Silver	℞ 8,63,00,000	5,33,70,000	17,19,90,000
TOTAL NET IMPORTS OF GOLD AND SILVER	℞ 32,60,90,000	43,09,70,000	51,20,00,000
Excess of Exports over Imports including Gold and Silver	℞ 43,64,70,000	40,83,80,000	28,38,80,000
Grand Total value of Imports and Exports of all kinds	℞ 3,90,53,00,000	4,35,89,00,000	4,85,31,20,000
Secretary of State's Bills sold (Rupees)	℞ §40,02,50,114(*a*)	40,37,70,748(*a*)	38,49,88,178
Sterling Equivalent received	£ §26,783,303(*a*)	27,058,549(*a*)	25,759,706
Silver coined at the Indian Mints	℞ 2,19,25,112	2,80,74,320	19,53,69,944
Maximum price in pence of an oz. troy, standard Silver in London	26¼ (October)	27⅞ (February)	29¾ (3rd December).
Minimum ditto ditto	23 1/16 (February)	23 15/16 (July)	26 1/16 (25th March)
Average Exchange upon Secretary of State's Bills sold per rupee	1*s.* 4·061 *d.*	1*s.* 4·084*d.*	1*s.* 4·058*d.*
Fixed rate of Exchange for the adjustment of transactions between the Indian and Imperial Treasuries	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.	8 (from 23rd Feb. 1911 to 29th Mar. 1911).	8 (from 26th Jan. to 6th Mar.).	8 (from 9th Jan. to 12th Feb.).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (from 1st July to 21st Sept.).	3 (from 3rd Aug. to 31st Aug.).	3 (from 11th July to 11th Sept.).
Maximum rate of discount at the Bank of England	5 (Oct. 20th to Nov. 30th).	4 (from 21st Sept. 1911 to 7th Feb. 1912).	5 (17th October 1912 to 31st March 1913).
Minimum ditto ditto	3 (June 9th to Sept. 28th and Mar. 9th to Mar. 31st).	3 (from 1st Apl. to 20th Sept. 1911).	3 (9th May to 28th August).
Maximum Government balances at the three Presidency Banks	℞ 4,10,08,000 (Sept.)	4,48,68,000 (Nov.)	5,65,10,000 (Mar.)
Minimum ditto ditto	℞ 3,53,92,000 (June)	3,68,74,000 (Feb.)	4,00,35,000 (Apl.)
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	96—10 (2nd Aug.)	96—14 (9th Dec.)	97—2 (3rd to 6th May).
Minimum ditto ditto	93—6 (7th Nov.)	94—12 (3rd & 4th Oct.).	94—12 (3rd & 6th Jan.).
Maximum price in Calcutta of 3 per cent Rupee Securities	82—0 (12th July to 19th Aug. and 15th Feb. to 31st Mar.).	82—0 (1st to 23rd Apl., 5th May to 24th Sept., 27th Sept. to 9th Oct. and 20th Nov. to 31st Mar.).	83—0 (7th May to 14th Oct.).
Minimum ditto ditto	80—4 (5th Dec.)	81—0 (25th & 26th Sept.)	82—0 (1st to 24th Apl. & 24th Oct. 1912 to 31st March 1913).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	℞ 15,07,31,000 (Apl.)	12,68,10,000 (Apl.)	11,65,48,000 (Apl.)
Minimum ditto ditto	℞ 12,78,50,000(Mar.)	11,73,04,000 (Mar.)	11,13,78,000 (Jan.)
Maximum price in London of 3½ per cent (Rupee Securities in Gold)	64 9/16 (Feb.)	64⅜ (Dec.)	64¾ (May)
Minimum ditto ditto	62 11/16 (Oct.)	63⅓ (Oct.)	63 5/16 (Mar.)
Maximum price in London of India 3½ per cent Stock	97⅝ (Feb.)	96¼ (Apl.)	94 11/16 (Apl.)
Minimum ditto ditto	92⅜ (Sept.)	91 (Sept.)	89 (Mar.)
Maximum price in London of India 3 per cent Stock	84⅜ (Feb.)	84 3/16 (Apl.)	80¾ (Apl.)
Minimum ditto ditto	79½ (Sept.)	78⅝ (Sept.)	75 (Mar.)
Maximum price in London of India 2½ per cent Stock	70⅞ (Feb.)	70⅝ (Apl.)	67½ (Apl.)
Minimum ditto ditto	66 (Sept.)	65⅛ (Sept.)	62 9/16 (Mar.)
Maximum Government Paper Currency outstanding	℞ 59,16,45,000(July)	61,36,25,000(Mar.)	68,97,78,000(Mar.)
Minimum ditto ditto	℞ 49,67,01,000 (Dec.)	54,68,58,000 (Apl.)	58,33,57,000 (Apl).
Number of Post Office Savings Banks	8,929	9,502	9,460
Number of accounts in Post Office Savings Banks	1,430,451	1,500,834	1,566,860
Amount deposited in Savings Banks	℞ 16,91,88,224	18,89,85,439	20,61,14,503
Average of each deposit	118·28	125·92	131·55
Net addition to deposits	℞ 1,05,16,438	1,97,97,215	1,71,29,064

*Excludes capital charge involved in redemption of liabilities.

§ Include remittances of the Gold Standard Reserve.

dix III.

FINANCIAL STATISTICS
CELLANEOUS.

1913-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.	1918-1919, Revised.	1919-1920, Budget.
£ 2,312,423	...	...	£ 7,478,170	£ 8,087,074	...	£ 668,600
...	£ 1,785,270	£ 1,188,661	...	...	£ 4,568,200	...
£ 11,765,462	£ 11,633,038	£ 5,589,065	£ 2,384,431	£ 3,944,455	£ 4,561,500	£ 16,803,800
...	...	...	...	...	...	...
£ 447,134	£ 360,361	£ 331,274	£ 244,297	£ 250,543	£ 286,700	£ 300,000
...	...	...	...	£ 100,000,000	...	...
£ 118,200	£ 2,727,294	£ 2,379,834	£ 7,711,508	£ 115,840,006	£ 3,584,300	£ —14,270,700
£ 2,868,044	£ 5,721,108	£ 5,805,528	£ 7,496,346	£ 115,228,340	£ 1,934,400	£ —15,604,400
2,49,00,70,000	1,82,17,60,000	1,99,48,00,000	2,47,31,10,000	2,44,89,50,000	2,32,48,20,000(*b*)	
1,91,30,80,000	1,44,93,10,000	1,38,16,90,000	1,60,24,90,000	1,64,35,50,000	1,70,60,40,000(*b*)	
57,69,90,000	37,24,50,000	61,31,10,000	87,06,20,000	80,54,00,000	61,87,80,000(*b*)	
23,32,40,000	7,64,70,000	†—*1,10,90,000*	13,23,50,000	25,17,80,000		
13,03,30,000	8,87,20,000	4,83,00,000	18,80,00,000	19,04,20,000		
36,35,70,000	16,51,90,000	3,72,10,000	32,03,50,000	44,22,00,000		
21,34,20,000	20,72,60,000	57,59,00,000	56,02,70,000	36,32,00,000		
4,90,83,80,000	3,54,20,40,000	3,57,82,20,000	4,52,43,00,000	4,68,55,80,000		
§ 46,59,68,715	§ 11,61,88,392	§30,36,57,471(*a*)	§49,04,34,364 (*a*)	§50,63,87,176(*a*)	28,65,41,000(*a*)	17,52,50,000
§31,200,827	§7,748,112	§20,354,517(*a*)	§32,998,095 (*a*)	§34,880,682(*a*)	20,946,300(*a*)	12,250,000
13,15,68,537	2,17,95,335	1,62,02,199	30,77,07,326	23,87,07,287	54,03,57,726	(Provisional.)
28 1/16 (22nd September).	27 1/4 (30th Apl.).	28 15/16 (31st March 1916.)	38 7/16 (13th Feby. 1917).	55 (21st to 25th Septr. 1917).	49 1/2 (21st Aug. to 11th Nov. 1918).	
25 15/16 (1st December).	22 1/8 (13th and 14th Novr.).	22 3/8 (5th Aug. 1915.)	28 5/8 (10th July 1916).	36 9/16 (13th to 17th April 1917).	45 1/4 (8th to 10th Apl. 1918.)	
1*s.* 4·070*d.*	1*s.* 4·004*d.*	1*s.* 4·087*d.*	1*s.* 4·148*d.*	1*s.* 4·536*d.*	1*s.* 5·544*d.*	
1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.* and 1*s.* 5*d.*	1*s.* 5*d.* and 1*s.* 6*d.*	
7 (1st to 16th Apl. and 13th Nov. 1913 to 18th Mar. 1914).	6(1st to 30th Apl. and 5th Nov. to 31st Dec. 1914 and 1st Jan. to 31st March 1915).	8 (20th Jan. 1916 to 31st March 1916.)	8 (1st to 13th April 1916 and 9th Nov. 1916 to 21st Feb. 1917.)	6 (1st April to 6th Septr. 1917 and 3rd Jany. to 31st March 1918.)	7 (16th Jan. to 28th Feb. 1919).	
3 (3rd July to 6th Aug.).	3(9th July to 5th Aug.).	5 (2nd June to 22nd Sept.).	5 (22nd June to 13th Sept.)	5 (7th Septr. 1917 to 2nd Jany. 1918.)	5 (23rd May to 6th Novr. 1918).	
5 (1st to 16th April and from 2nd October 1913 to 7th January 1914).	10 (from 1st to 5th Aug. 1914).	5 (1st Apl. 1915 to 31st Mar. 1916.)	6 (13th July 1916 to 17th Jany. 1917.)	5 1/2 (2nd to 4th April 1917.)	5 (1st Apl. 1918 to 28th Feb. 1919).	
3 (29th January to 31st March 1914).	3 (from 1st Apl. to 29th July).		5 (1st April to 12th July 1916.)	5 (5th April 1917 to 31st March 1918.)		
6,18,88,000 (Oct.)	10,12,86,000(Aug.)	8,87,07,000 (Aug.)	10,11,86,000(Mar.)	22,65,24,000(June)	18,60,47,000(Sept.)	
4,85,95,000 (May)	4,84,03,000(Nov.)	4,42,76,000 (Nov.)	4,84,33,000 (May)	7,37,68,000 (Nov.)	6,54,89,000 (Apl.)	
96—12 (19th and 21st July).	96-1 (from 14th to 15th and 17th to 25th July 1914).	93-2 (5th to 11th June 1915.) (*d*)	82 (7th and 11th to 14th April 1916.)	70 (6th to 14th Sep. and 31st Oct. 1917 to 7th Feb. 1918.)	81 (7th to 21st Nov. 1918.)	
94—14 (13th & 17th Oct.).	(*d*) 91-8 (13th to 31st March).	79 1/2 (23rd Dec. 1915 to 6th Jan. 1916.)	69 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	67 (20th June to 24th Aug. 1917.)	65 (3rd May to 24th June 1918).	
83—0 (2nd to 4th Sept. 1913 and from 26th Feb. to 31st March 1914).	83 (1st April to 4th Aug. 1914).	80 (1st Apl. to 28th June 1915.)	70 (5th to 20th April 1916.)	60 (6th to 14th Sep. and 31st Oct. to 16th March 1918.)	69 (5th to 22nd Nov. 1918).	
82—0 (1st Apl. to 26th Aug.).	77 (31st Aug. to 3rd Sept. 1914).	67 1/2 (23rd Dec. 1915 to 6th Jan. 1916.)	59 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	57 (20th June to 24th Augt. 1917.)	58 (11th Apl. to 24th June 1918.)	
11,11,55,000 (Apl.)	9,95,58,000(Apl.)	9,66,98,000 (Apl.)	8,76,76,000 (Apl.)	8,30,42,000(Apl.)	7,47,58,000 (Apl.)	
10,08,74,000(Mar.)	9,73,00,000(Mar.)	8,81,17,000 (Dec.)	8,30,42,000 (Mar.)	7,47,56,000(March)	7,34,70,000(July)	
64 5/8 (Feby.)	(*e*) 63 7/8 (May)	No quotation.	No quotation.	52	54	
63 1/2 (Apl.)	(*e*) 63 (July)			44 3/8	44	
93 1/4 (Jan.)	90 1/2 (Apl.)	82 5/8 (May).	80 7/8	69 7/8	74	
84 6/16 (Jan.)	80 3/4 (Mar.)	(*f*) 80 3/4 (Apl.)	(*g*)62 3/4	61 3/4	62	
80 3/4 (Jan.)	77 1/4 (Apl.)	70 1/4 (Apl.)	69 3/8	60 1/4	64	
71 1/2 (Dec.)	69 1/4 (Mar.)	(*f*) 69 1/4 (Apl.)	(*g*)55 1/4	53	53 1/4	
66 1/16 (Feby.)	64 (Apl.)	59 3/8 (Apl.)	57 1/8	50	53 7/8	
59 3/4 (Jan.)	(*c*) 58 (Jan.)	(*f*) 57 (May.)	(*g*)47	45 1/8	44 1/4	
69,89,84,000(July)	75,44,53,000(July)	68,06,10,000(July)	86,37,52,000(Nov.)	1,14,76,87,000,(Oct.)	1,51,48,35,000 (Feb.)	
61,79,95,000(Sept.)	59,54,67,000(Feb.)	*60,24,42,000 (Apl.)*	*65,46,90,000 (Apl.)*	*82,72,35,000 (Apl.)*	*1,05,96,05,000 (Apl.)*	
9,824	10,161	10,386	10,421	10,975		
1,638,725	1,644,074	1,660,424	1,647,419	1,637,600		
23,16,75,467	14,89,26,323	15,32,12,517	16,59,53,401	16,58,46,470		
141·38	90·58	92·27	100·73	101·27		
2,55,60,964	—8,27,49,144	42,86,194	1,27,40,884	—1,06,931		

(*a*) Include remittance of the Currency Department.
(*b*) Figures for 11 months (April to February).
(*c*) Official minimum price, 3rd January to 19th March 1915.
(*d*) Buyer's rate.
(*e*) No quotations since August 1914.
(*f*) Official minimum prices were fixed from 19th March 1915.
(*g*) Official minimum prices were removed in July 1916.

† Represents net exports of gold.

Appendix III—*continued.*

Commercial and Financial Statistics.

Table II.—Capital Expenditure on State Railways in 1917-1918, and Estimated Expenditure on such works in 1918-1919 and 1919-1920, and to end of 1919-1920.

Railways.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
Open Lines.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Agra-Delhi Chord	1,47,96,695	71,337	68,000	78,000	1,50,14,032	...	...	
Aden Railway	6,21,816	45,552	2,60,000	...	9,27,368	...	...	
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	...	...	
Assam-Bengal (Construction)	11,11,32,210	67,19,688	25,07,000	64,61,000	12,68,19,898	...	...	
Ditto (Land)	56,06,936	11,744	15,000	15,000	56,48,680	...	...	
Baran-Kotah	47,42,696	1,74,031	33,000	...	49,49,727	...	...	
Bengal-Nagpur Railway	24,84,64,593	1,57,33,818	68,21,000	2,18,11,000	29,28,30,411	...	...	
Bezwada Extension	12,49,072	70	2,000	22,000	12,73,142	...	...	
Bhopal	40,94,553	643	36,000	27,000	41,58,196	...	...	
Bombay, Baroda and Central India	50,16,12,467	24,90,509	46,16,000	1,68,67,000	52,55,85,976	...	...	
Burma	9,74,12,324	...	...	...	9,74,12,324	...	...	
Burma Railway Extensions	2,20,39,577	*—1,13,202*	—73,000	84,000	2,19,37,375	...	...	
Cawnpur-Banda	79,21,177	67,849	70,000	62,000	81,21,026	...	...	
Coonoor-Ootacamund	43,02,627	*5,658*	1,000	1,80,000	44,89,285	...	...	
Dharmapuri Hosur Extension	21,31,094	*—299*	*—5,000*	...	21,25,795	...	...	
Dhone-Kurnool	10,16,599	1,743	5,000	5,000	10,28,342	...	...	
East Indian	56,48,53,628	4,88,976	56,90,000	3,23,44,000	60,33,76,604	...	...	
Eastern Bengal	35,32,83,912	24,56,386	24,11,000	1,82,01,000	37,63,52,298	...	...	
Frontier Railway Reserve Material	7,29,750	*—1,67,557*	...	...	5,62,193	...	...	
Carried over	1,94,60,71,626	2,79,86,946	2,24,57,000	9,61,57,000	2,09,26,72,572	...	...	

Appendix III, Table II—*continued.*

Railways.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward .	1,94,60,71,626	2,79,86,946	2,24,57,000	9,61,57,000	2,09,26,72,572	...	...	
Open Lines.								
Great Indian Peninsula Railway System .	43,71,19,108	82,49,820	80,88,000	3,74,15,000	49,08,71,928	...	...	
Jodhpur-Hyderabad (British Section)	44,66,440	51,269	40,000	32,000	45,89,709	...	...	
Jorhat	11,23,756	—11,493	—8,000	10,000	11,14,263	...	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	...	...	
Madras and Southern Mahratta Railway (Madras Section)	15,14,85,845	...	...	...	15,14,85,845	...	...	
North-Western	82,27,17,460	50,51,828	2,31,21,000	4,18,91,000	89,27,81,288	...	...	
Nushki Dalbandin Extension . .	74,47,743	15,31,104	12,50,000	6,00,000	1,08,28,847	...	...	
Oudh and Rohilkhand	27,76,26,338	55,841	13,65,000	75,33,000	28,65,80,179	...	...	
Petroleum Operations, Baluchistan .	1,19,187	...	...	...	1,19,187	...	...	
Rohilkund and Kumaon Railway (Ganges bridge)	76,416	...	...	...	76,416	...	...	
South Indian	16,68,12,145	*—71,192*	11,24,000	1,09,07,000	17,87,71,953	...	...	
Southern Shan States (Thazi Aungban) .	1,53,51,017	*11,764*	28,000	25,000	1,54,15,781	...	..	
Tinnevelly Quilon (British Section) .	43,72,052	—3,601	—1,000	4,89,000	48,56,451	...	...	
Ditto (Native State Section)	1,18,47,367	8,646	4,000	5,69,000	1,24,29,013	...	...	
Tinnevelly Tiruchendur . . .	6,30,000	—6,30,000	...	...	...	...	...	
Tirhoot Railway and Extensions . .	8,05,06,343	*—3,87,210*	6,85,000	32,04,000	8,40,08,133	...	...	
Warora Colliery	10,41,415	...	...	...	10,41,415	...	...	
Total Open Lines .	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119	...	...	

Appendix III, Table II—*continued.*

Railways.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned Outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total Open Lines brought forward .	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119	...	...	
Lines under construction.								
Aungban Heho	...	70,944	2,35,000	3,00,000	6,05,944	6,21,283*	15,339	* Includes Rs. 4,55,000 sanctioned provisionally for employment of Turkish Prisoners of War and Rs. 1,66,283 on account of cost of rolling stock for the Southern Shan States Railway.
Bombay Harbour Branch Extension .	37,40,554	—29,176	—1,00,000	...	36,11,378	71,59,783	35,48,405	
Itarsi-Nagpur and branch to Pench Valley Coalfields	2,73,01,900	84,420	—1,84,000	3,65,000	2,75,67,320	3,37,05,415	61,38,095	
Onlajuri Sulapat Extension and Badampahar Branch	...	...	2,00,000	16,50,000	18,50,000	18,64,640	14,640	
Parvatipore Singapore Road . . .	2,32,441	17,142	15,000	15,000	2,79,583	40,31,059	37,51,476	
Dalbandin Mirjawa	...	1,16,13,862	45,00,000	32,00,000	1,93,13,862	1,76,00,000†	...	† Provisionally sanctioned by the Secretary of State.
Pinmana Magwe	...	...	75,000	2,00,000	2,75,000	...	...	
Tank Murtaza	...	4,59,732	8,01,000	6,42,000	19,02,732	11,40,000	...	
United Provinces of Agra and Oudh—Resin distillery	...	...	1,00,000	66,000	1,66,000	...	...	
Reserve	...	...	...	12,50,000	12,50,000	...	...	
Total Lines under construction .	3,12,74,895	1,22,16,924	56,42,000	76,88,000	5,68,21,819	...	...	
Total Open Lines, carried over .	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119	...	...	

Appendix III, Table II—*continued.*

Railways.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total Open Lines, brought forward .	3,93,39,35,397	4,18,43,722	5,81,53,000	19,88,32,000	4,23,27,64,119			
Total Lines under Construction, brought forward	3,12,74,895	1,22,16,924	56,42,000	76,88,000	5,68,21,819			
Lines in abeyance or Transferred to Companies, etc.								
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416			
Bilaspur-Etawah	75,132	...	...	...	75,132			
Nagpur-Chhattisgarh (Depreciation Account).	6,57,038	...	...	...	6,57,038			
Ranaghat-Bhagwangola . . .	3,02,450	...	...	...	3,02,450			
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071			
Umaria Colliery	1,82,672	...	...	...	1,82,672			
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035			
Total Lines in abeyance, etc. .	1,85,67,814	...	...	...	1,85,67,814			
Stores	9,62,291	—5,00,484	...	...	4,61,807			
Undistributed liabilities . . .	...	...	...	3,35,37,000	3,35,37,000			
Reserve	...	...	8,53,000	55,76,000	64,29,000			
GRAND TOTAL .	3,98,47,40,397	5,35,60,162	6,46,48,000	24,56,33,000	4,34,85,81,559			

Appendix III, Table II—*continued.*

Railways.	To end of 1916-1917.	Accounts, 1917-1918.	Revised Estimate, 1918-1919.	Budget Estimate, 1919-1920.	To end of 1919-1920.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Grand Total, brought forward .	3,98,47,40,397	5,35,60,162	6,46,48,000	24,56,33,000	4,34,85,81,559			
Distributed as under—								
Capital Expenditure on Railways (not charged to Revenue)—								
State Railways —Construction* .	2,92,07,49,034	5,35,71,954	6,45,61,000	24,55,57,000	3,28,44,38,988			
Redemption of Liabilities† . .	90,75,31,543	...	...	...	90,75,31,543			
Famine Relief and Insurance—								
Protective Railways . . .	7,87,21,622	—299	—5,000	...	7,87,16,323			
Construction of Railways (charged against Revenue in addition to that under Famine Insurance).	5,45,35,712	...	...	...	5,45,35,712			
Construction of Railways (charged to Provincial Revenues).	75,23,001	—11,493	92,000	76,000	76,79,508			
Other Expenditure charged against Revenue.	1,56,79,485	...	...	...	1,56,79,485			
Total as above .	3,98,47,40,397	5,35,60,162	6,46,48,000	24,56,33,000	4,34,85,81,559			

* Includes debentures raised by Companies—

Bombay, Baroda and Central India Railway	1,43,90,464	...	...	...	1,43,90,464
East Indian Railway	27,07,02,709	...	...	...	27,07,02,709
Great Indian Peninsula Railway	4,87,97,364	...	...	...	4,87,97,364
South Indian Railway	5,71,35,901	—75,00,000	...	...	4,96,35,901
Capital contributed by the Jaipur Durbar towards outlay on the Nagda Muttra Railway.	70,00,000	15,00,000	...	...	85,00,000
Bombay, Baroda and Central India Railway Contribution from Provident Fund and advances by the Home Board.	20,10,000	...	...	...	20,10,000
Total .	40,00,36,438	—60,00,000	...	...	39,40,36,438

†

Bombay, Baroda and Central India Railway	18,72,06,696
East Indian Railway	18,05,98,229
Eastern Bengal Railway	3,10,54,458
Great Indian Peninsula Railway	8,88,35,250
Madras and Southern Mahratta Railway	3,21,72,000
North Western Railway	7,36,74,320
Oudh and Rohilkhand Railway	15,50,40,735
South Indian Railway	7,13,88,355
Inland Midland Railway . .	8,85,61,500
Total .	90,75,31,543

Appendix III—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on Irrigation Major Works in 1917-18, and Estimated Expenditure on such works in 1918-19, and 1919-20, and to the end of 1919-20.

	Actual outlay to end of 1916-17.	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Total actual and estimated outlay to end of 1919-20.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be spent.
PRODUCTIVE WORKS.	R	R	R	R	R	R	R
North-West Frontier Province.							
Upper Swat River Canal	1,97,11,922	6,25,613	—13,000	4,94,000	2,08,18,535		
Lower ditto	41,71,958	—22,492	3,000	...	41,52,466		
Kabul River Canal*	11,33,971	50,652	34,000	52,000	12,70,623		
Madras.							
Godavari Delta System	1,29,88,274	1,63,541	1,87,000	1,34,000	1,34,72,815	1,36,09,680	1,36,865
Kistna Delta System	1,52,55,969	1,23,980	68,000	28,000	1,54,75,949	1,55,01,610	25,661
Penner River Canals System	56,92,746	9,427	12,000	...	57,14,173	57,14,197	24
Periyar Project	1,02,94,139	3,239	7,000	5,000	1,03,09,378	1,03,13,422	4,044
Cauvery Delta System	41,36,250	61,762	34,000	15,000	42,47,012	45,30,854	2,83,842
Kurnool Cuddapah Canal	2,28,68,418	65,419	...	74,000	2,30,07,837	2,32,09,692	2,01,855
Nagavalli River Project	16,35,551	13,447	4,000	7,000	16,59,998	17,77,039	1,17,041
Divi Island Project	19,00,232	20,204	20,000	6,000	19,46,436	20,06,377	59,941
Lower Coleroon Anicut*	18,69,597	...	...	...	18,69,597		
Toludur Project	8,27,010	1,32,218	1,80,000	2,00,000	13,39,228	29,60,000	16,20,772
Bombay.							
Desert Canal	26,40,891	586	...	...	26,41,477	27,06,149	64,672
Begari Canal	23,72,384	—10,940	1,16,000	25,000	25,02,444		
Eastern Nara Works	67,79,815	25,356	1,03,000	2,47,000	71,55,171	74,89,986	3,34,815
Jamrao Canal	85,84,355	64,456	—2,000	—2,000	86,44,811	88,60,148	2,15,337
Dad Canal	25,76,626	—2,016	—4,000	27,000	25,97,610	28,95,932	2,98,322
Mutha Canal	76,18,735	—4,791	...	...	76,13,944		
Bengal.							
Midnapur Canal	83,09,132	3,293	4,000	...	83,16,425		
Hijili Tidal Canal	25,50,805	...	...	...	25,50,805		
United Provinces.							
Ganges Canal, including Mat and Hathras Branches	3,64,77,061	4,90,556	4,56,000	—3,90,000	3,70,33,617		
Lower Ganges Canal	3,38,25,955	3,023	24,000	7,000	3,38,59,978		
Agra Canal	1,14,30,775	5,200	3,000	27,000	1,14,65,975	1,15,15,848	49,873
Eastern Jumna Canal	48,78,275	27,940	15,000	9,000	49,30,215		
Dun Canal*	13,49,552	10,555	30,000	76,000	14,66,107		
Bijnor Canal*	3,13,190	...	26,000	63,000	4,02,190		
Gorai Canal	7,24,838	53,610	—39,000	29,000	7,68,448	7,78,448	10,000
Punjab.							
Western Jumna Canal	1,68,83,536	—1,224	17,000	20,000	1,69,19,312		
Upper Bari Doab Canal	2,11,00,338	—6,310	37,000	1,00,000	2,12,31,028		
Lower ditto	2,14,20,273	5,74,712	2,50,000	4,70,000	2,27,14,985		
Sirhind Canal	2,43,81,660	37,559	1,37,000	2,00,000	2,47,56,219		
Upper Chenab Canal	3,43,61,637	4,18,209	1,10,000	3,60,000	3,52,49,846	3,53,06,583	56,737
Lower ditto	3,15,78,921	1,60,529	17,000	5,00,000	3,22,56,440		
Upper Jhelum Canal	4,30,11,584	11,44,296	1,70,000	96,000	4,44,21,880		
Lower ditto	1,55,43,446	2,89,223	2,72,000	6,50,000	1,67,54,669	1,83,95,782	16,41,113
Indus Inundation Canals	29,01,975	—1,621	—4,000	—4,000	28,92,354		
Burma.							
Mandalay Canal	55,84,665	—3,693	7,000	...	55,87,972	56,82,870	94,898
Shwebo Canal	57,69,710	50,112	1,00,000	49,000	59,68,822		
Mon Canal	54,89,438	191	5,000	36,000	55,30,629		
Ye-u Canal	35,57,012	4,95,657	3,19,000	5,05,000	48,76,669		
Twante Canal	65,60,625	—9,91,548	4,000	6,000	55,79,077		
Bihar.							
Orissa Canals	2,64,61,515	289	3,000	4,000	2,64,68,804		
Sone Canal	2,59,51,383	7,628	2,000	...	2,59,61,011		
Central Provinces.							
Wainganga Canal	34,80,483	4,36,749	2,59,000	2,36,000	44,12,232	46,69,721	2,57,489
Mahanadi Canal	61,94,960	10,98,821	8,60,000	13,92,000	95,45,781	1,12,99,208	17,53,427
Asola Mendha Tank	16,63,090	19,080	4,000	19,000	17,05,170	17,30,346	25,176
Other Projects	1,69,84,324	15,461	33,000	1,75,000	1,72,07,785		
Reserve	...	...	...	6,31,000	6,31,000		
Total Productive Works	55,67,99,001	56,57,948	38,70,000	65,78,000	57,29,04,949		
Carried over	55,67,99,001	56,57,948	38,70,000	65,78,000	57,29,04,949		

* Transferred to "49" from 1st April 1907.

Appendix III, Table III—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on Irrigation Major Works in 1917-18, and Estimated Expenditure on such works in 1918-19, and 1919-20, and to the end of 1919-20—*continued.*

	Actual outlay to end of 1916-17.	Accounts, 1917-18.	Revised Estimate, 1918-19.	Budget Estimate, 1919-20.	Total actual and estimated outlay to end of 1919-20.	Sanctioned Estimate.	Balance of sanctioned Estimate remaining to be spent.
	R	R	R	R	R	R	R
Brought forward	55,67,99,001	56,57,948	38,70,000	65,78,000	57,29,04,949		
PROTECTIVE WORKS.							
Madras.							
Rushikulya Project	46,74,047	8,410	16,000	2,000	47,00,457	47,01,309	852
Mopad Project	16,47,737	1,86,773	1,75,000	1,55,000	21,64,510		
Venkatapuram Tank Project	3,46,028	20,819	...	...	3,66,847		
Bombay.							
Godaveri Canal	95,21,042	39,542	39,000	19,000	96,18,584		
Chankapur Tank	18,41,062	14,542	21,000	13,000	18,89,604	19,41,592	51,988
Nira Canal (including Shetphal Tank)	61,10,901	48,357	...	...	61,59,258	64,91,813	3,32,555
Budhihal Tank	4,91,036	254	...	...	4,91,290	13,98,529	9,07,239
Pravara River Project	65,43,657	8,00,308	8,21,000	7,90,000	89,54,965	1,21,02,145	31,47,180
Nira Right Bank Canal	1,07,39,412	17,17,564	17,92,000	19,99,000	1,62,47,976	2,49,71,863	87,23,892
United Provinces.							
Betwa Canal (including Dukwa weir)	79,90,111	6,135	15,000	11,000	80,22,246	80,77,109	54,863
Ken Canal (including Gangao dam)	58,45,788	12,957	—48,000	6,000	58,16,745	59,28,704	1,11,959
Dassan Canal	47,39,112	15,864	9,000	1,000	47,64,976	49,04,064	1,39,088
Ghaggar Canal	33,15,316	5,48,204	1,31,000	28,000	40,22,520		
Majhgawan Tank	3,68,197	14,465	13,000	4,000	3,99,662		
Barwar Lake and Canal	2,15,044	52,899	64,000	81,000	4,12,943		
Bhatkhara Tank	56,471	476	51,000	2,25,000	3,32,947	6,53,114	3,20,167
Raipura Tank	...	...	...	1,42,000	1,42,000		
Bihar.							
Tribeni Canal	73,71,817	98,626	1,55,000	1,87,000	78,12,443		
Central Provinces.							
Tandula Canal	65,83,026	8,89,731	6,85,000	7,76,000	89,33,757	95,73,587	6,39,830
Tank Projects	94,14,606	4,02,202	6,04,000	5,19,000	1,09,39,808		
Other Projects.	46,87,720	43,248	1,13,000	3,47,000	51,90,968		
Probable Savings	...	...	...	—93,000	—93,000		
Total, Protective Works	9,25,02,130	49,21,376	46,56,000	52,12,000	10,72,91,506		
Grand Total, Major Works	64,93,01,131	1,05,79,324	85,26,000	1,17,90,000	68,01,96,455		
Distributed as under—							
(1) Capital expenditure on Irrigation (not charged to Revenue)	53,84,71,710	55,94,877	38,61,000	65,00,000	55,44,27,587		
(2) Protective Irrigation Works	9,27,63,926	49,21,376	46,56,000	52,12,000	10,75,53,302		
(3) Other outlay from ordinary revenues	1,80,65,495	63,071	9,000	78,000	1,82,15,566		
GRAND TOTAL AS ABOVE	64,93,01,131	1,05,79,324	85,26,000	1,17,90,000	68,01,96,455		

Appendix III—*continued.*

Commercial and Financial Statistics.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of State Railways for five years ending 1917-1918, with Revised Estimates for 1918-1919 and Budget Estimates for 1919-1920.

(Omitting 000, except in Accounts.)

State Railways.	Accounts.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at beginning of year	25,437	26,106	26,369	26,433	26,572	26,471	26,491
Gross Traffic Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial.							
Assam-Bengal	70,40,639	68,72,053	67,98,442	68,86,463	72,64,284	77,00	78,00
Aden Tramway	...	...	14,472	1,53,579	1,43,485	1,90	2,00
Bengal-Nagpur	4,10,31,142	4,07,73,773	4,47,61,637	5,09,20,784	5,58,76,074	6,10,00	6,30,00
Bezwada Extension	2,94,355	4,39,590	4,58,138	4,89,673	5,13,179	5,10	5,50
Bombay, Baroda and Central India System	6,58,93,295	6,37,23,843	6,75,24,858	7,52,69,779	8,02,80,536	9,55,00	9,50,00
Burma	2,23,60,428	2,18,00,784	2,00,98,744	2,21,87,251	2,20,65,877	2,65,50	2,65,50
Burma Railway Extensions	21,84,418	16,42,874	17,57,133	20,69,109	20,58,705	25,50	25,50
Southern Shan States	33,020	87,016	3,39,165	3,38,109	4,39,884	5,00	5,00
Eastern Bengal	3,73,92,387	3,31,07,555	3,53,38,268	3,70,21,485	3,48,74,771	3,85,00	3,90,00
East Indian	10,17,07,428	10,52,21,592	10,60,08,844	11,02,01,205	11,61,42,477	13,67,00	13,60,00
Great Indian Peninsula including Indian Midland	8,55,08,945	7,77,52,916	9,01,17,305	9,67,50,475	10,55,60,401	11,92,00	11,89,00
Agra-Delhi Chord	23,09,274	32,06,644	28,84,018	30,47,574	33,67,179	43,00	43,00
Bhopal	7,05,991	5,38,468	6,58,689	7,87,907	9,94,950	11,50	11,50
Baran-Kotah	1,77,507	1,49,969	2,21,240	2,43,097	1,61,978	2,25	2,50
Cawnpore-Banda	...	...	4,05,258	3,68,286	3,08,939	3,25	4,00
Jodhpur-Hyderabad (British Section)	13,36,295	10,52,695	11,39,522	13,81,452	19,53,656	21,00	20,00
Lucknow-Bareilly	23,56,789	20,52,756	18,76,076	25,27,980	26,74,674	32,70	33,00
North Western	8,69,96,146	8,19,57,786	8,39,36,357	9,66,56,409	12,24,77,224	12,60,00	12,70,00
Oudh and Rohilkhand	2,40,89,233	2,07,97,699	2,26,21,042	2,61,76,455	2,82,00,370	3,15,00	3,15,00
Hardwar-Dehra	4,85,346	4,66,506	...	...	...		
Madras and Southern Maharatta Railway	3,81,21,165	3,82,75,086	4,20,29,319	4,68,93,840	5,20,76,904	5,48,50	5,48,50
Mysore State lines	38,25,763	36,55,498	37,66,070	39,86,015	41,47,617	45,00	45,00
Dhone-Kurnool	1,23,739	1,12,693	1,31,028	1,40,000	1,20,216	1,50	1,50
South Indian	2,80,67,080	2,71,60,221	2,93,14,815	3,22,67,342	3,53,61,272	3,57,00	3,78,50
Tinnevelly-Quilon	9,03,391	8,92,082	9,85,938	10,27,354	11,46,203	15,00	15,50
Tirhoot	1,01,20,998	97,03,502	92,58,479	97,89,074	92,55,829	1,09,00	1,10,00
Reserve	...	...	...	...	...	...	3,00,00
Total Imperial	56,30,64,774	54,14,43,601	57,24,44,857	62,75,80,697	68,74,66,684	76,53,70	79,98,50
Provincial.							
Jorhat	1,23,805	1,27,545	1,53,781	1,65,389	1,86,724	1,30	1,50
Total India	56,31,88,579	54,15,71,146	57,25,98,638	62,77,46,086	68,76,03,408	76,55,00	80,00,00
England.							
Bengal-Nagpur	...	2,910	3,540	4,590	4,950	6	6
East Indian	3,450	3,450	25,080	9,98,085	9,32,685	3	3
Eastern Bengal	...	...	1,605	74,175	69,300	...	...
Madras and Southern Maharatta	...	...	...	...	...	3,00	7,20
Oudh and Rohilkhand	...	...	750	34,155	31,905	...	...
Scinde Punjab and Delhi	...	...	13,275	6,11,911	5,70,585	...	...
Total England	3,450	6,360	44,250	17,22,916	16,09,425	3,09	7,29
Grand Total	56,31,92,029	54,15,77,506	57,26,42,888	62,94,69,002	68,92,12,833	76,58,09	80,07,29

Appendix III Table IV—*continued.*

State Railways.	Accounts.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.		
Working Expenses.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Imperial.							
Assam-Bengal . . .	47,66,650	51,49,556	52,58,747	52,42,112	55,08,773	61,52	71,07
Aden Tramway . . .	...	...	20,093	1,09,400	1,75,253	1,70	2,50
Bengal-Nagpur . . .	1,95,72,889	2,01,71,296	2,21,93,629	2,48,54,230	2,63,97,566	2,87,61	3,28,32
Bezwada Extension . . .	1,75,732	2,45,505	2,58,429	2,81,452	2,44,255	2,00	2,10
Bombay, Baroda and Central India System . . .	3,28,58,674	3,28,96,800	3,29,79,155	3,19,13,142	3,50,50,406	4,17,10	4,58,52
Burma Railways . . .	1,17,88,982	1,23,78,879	1,15,45,605	1,15,02,897	1,17,98,856	1,41,30	1,47,38
Burma Railway Extensions .	11,67,591	11,31,626	10,95,206	10,95,202	11,19,275	15,00	14,69
Southern Shan States . .	39,066	81,017	3,17,751	2,82,832	4,16,935	4,77	4,58
Eastern Bengal . . .	2,05,40,085	2,20,08,629	2,12,05,545	2,00,85,079	2,01,05,680	2,24,70	2,60,01
East Indian	4,14,09,197	4,07,21,501	4,13,84,866	4,07,26,689	4,08,74,776	4,52,00	4,91,96
Great Indian Peninsula including Indian Midland . . .	5,16,28,941	4,89,41,949	5,10,75,174	5,29,32,189	5,71,01,787	6,93,38	8,28,45
Agra-Delhi Chord . .	13,88,240	20,04,897	16,44,874	16,37,296	17,92,510	23,87	24,93
Bhopal	4,27,021	3,36,705	3,78,387	4,22,626	5,29,657	6,37	7,24
Baran-Kotah . . .	88,754	74,301	1,10,620	1,21,549	80,989	1,13	1,25
Cawnpore-Banda . .	...	...	2,45,122	2,17,595	1,79,755	2,23	3,05
Jodhpur-Hyderabad (British Section) . . .	6,69,177	6,19,736	6,73,618	7,61,906	8,87,890	9,73	10,64
Lucknow-Bareilly . . .	10,23,699	10,23,291	9,75,409	9,94,176	11,01,609	13,00	10,23
North Western . . .	4,95,69,567	5,14,15,494	4,93,13,607	4,83,45,891	5,24,46,336	6,89,71	7,95,52
Oudh and Rohilkhand . .	1,17,53,245	1,17,36,780	1,11,94,413	1,14,27,227	1,07,12,455	1,35,43	1,67,36
Hardwar-Dehra . . .	2,42,673	2,33,253	...	...	...	...	...
Madras and Southern Mahratta Railway	2,15,21,802	2,15,04,612	2,23,26,647	2,42,85,663	2,46,21,576	2,69,10	3,47,36
Mysore State lines .	21,70,848	21,06,654	20,28,447	20,86,945	19,91,442	22,17	26,27
Dhone Kurnool . .	78,868	71,918	77,593	84,783	73,322	86	94
South Indian	1,62,63,531	1,57,56,344	1,46,02,933	1,61,70,522	1,52,01,322	1,59,40	1,92,96
Tinnevelly-Quilon . .	5,47,590	6,26,330	5,84,868	6,08,598	6,68,841	6,96	10,17
Tirhoot	38,08,861	39,22,982	37,07,574	33,94,803	43,76,248	39,39	41,04
Reserve	...	...	...	...	...	...	3,90,21
Total Imperial .	29,35,01,683	29,51,60,055	29,51,98,312	29,95,84,804	31,34,57,514	36,80,43	46,38,70
Provincial.							
Jorhat	89,499	1,27,109	1,01,834	1,01,641	1,23,412	1,21	1,30
Grand Total	29,35,91,182	29,52,87,164	29,53,00,146	29,96,86,445	31,35,80,926	36,81,64	46,40,00

Appendix III, Table IV—*concluded.*

State Railways.	Accounts.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-1914.	1914-1915.	1915-1916.	1916-1917.	1917-1918.		
Net Traffic Receipts.	₹	₹	₹	₹	₹	₹	₹
Imperial.							
Assam-Bengal	22,73,989	17,22,497	15,39,695	16,44,351	17,55,511	15,48	6,93
Aden Tramway	...	...	—*5,621*	44,179	—31,768	20	—*50*
Bengal-Nagpur	2,14,58,253	2,06,02,477	2,25,68,008	2,60,66,554	2,94,78,508	3,22,39	3,01,68
Bezwada Extension	1,18,623	1,94,085	1,99,709	2,08,221	2,68,924	3,10	3,40
Bombay, Baroda and Central India System	3,30,34,621	3,08,27,043	3,45,45,703	4,33,56,637	4,52,30,130	5,37,90	4,91,48
Burma Railways	1,05,71,446	94,21,905	85,53,140	1,06,84,354	1,02,67,021	1,24,20	1,18,17
Burma Railway Extensions	10,16,827	5,11,248	6,61,926	9,73,907	9,39,430	10,50	10,81
Southern Shan States	—6,046	5,999	21,414	55,277	22,949	23	42
Eastern Bengal	1,68,52,302	1,10,98,926	1,41,32,723	1,69,36,406	1,47,69,091	1,60,30	1,29,99
East Indian	6,02,98,231	6,45,00,091	6,46,23,978	6,94,74,516	7,52,67,701	9,15,00	8,68,04
Great Indian Peninsula including Indian Midland	3,38,80,004	2,88,10,967	3,90,42,131	4,38,18,286	4,84,58,614	4,98,62	3,60,55
Agra-Delhi Chord	9,21,034	12,01,747	12,39,144	14,10,278	15,74,669	19,13	18,07
Bhopal	2,78,970	2,01,763	2,80,802	3,65,281	4,65,293	5,13	4,26
Baran-Kotah	88,753	75,668	1,10,620	1,21,548	80,989	1,12	1,25
Cawnpore-Banda	...	...	1,60,136	1,50,691	1,29,184	1,02	95
Jodhpur-Hyderabad (British Section)	6,67,118	4,32,959	4,65,904	6,19,546	10,65,766	11,27	9,36
Lucknow-Bareilly	13,33,090	10,29,465	9,00,667	15,33,804	15,73,065	19,70	22,77
North-Western	3,74,26,579	3,05,42,292	3,46,22,750	4,83,10,518	7,00,30,888	5,70,29	4,74,48
Oudh and Rohilkhand	1,23,35,988	90,60,919	1,14,26,629	1,47,49,228	1,74,87,915	1,79,57	1,47,64
Hardwar-Dehra	2,42,673	2,33,253	...	...	...	...	...
Madras and Southern Mahratta Railway	1,65,99,363	1,67,70,474	1,97,02,672	2,26,08,177	2,74,55,328	2,79,40	2,01,14
Mysore State lines	16,54,915	15,48,844	17,37,623	18,99,070	21,56,175	22,83	18,73
Dhone-Kurnool	44,871	40,775	53,435	55,217	46,894	64	56
South Indian	1,18,03,549	1,14,03,877	1,47,11,882	1,60,96,820	2,01,59,950	1,97,60	1,85,54
Tinnevelly-Quilon	3,55,801	2,65,752	4,01,070	4,18,756	4,77,362	8,04	5,33
Tirhoot	63,12,137	57,80,520	55,50,905	63,94,271	48,79,581	69,61	68,96
Reserve	...	...	...	...	...	...	—*90,21*
Total Imperial	26,95,63,091	24,62,83,546	27,72,46,545	32,79,95,893	37,40,09,170	39,73,27	33,59,80
Provincial.							
Jorhat	34,306	436	51,947	63,748	13,312	9	20
Total India	26,95,97,397	24,62,83,982	27,72,98,492	32,80,59,641	37,40,22,482	39,73,36	33,60,00
England.							
Bengal-Nagpur	...	2,910	3,540	4,590	4,950	6	6
East Indian	3,450	3,450	25,080	9,98,085	9,32,685	3	3
Eastern Bengal	...	...	1,605	74,175	69,300	...	...
Madras and Southern Mahratta	...	...	...	...	...	3,00	7,20
Oudh and Rohilkhand	...	...	750	34,155	31,905	...	...
Scinde Punjab and Delhi	...	...	13,275	6,11,911	5,70,585	...	...
Total England	3,450	6,360	44,250	17,22,916	16,09,425	3,09	7,29
Grand Total	26,96,00,847	24,62,90,342	27,73,42,742	32,97,82,557	37,56,31,907	39,76,45	33,67,29

Appendix III—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20.

	Actuals.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	R	R	R	R	R	R	R
DIRECT RECEIPTS—							
Lower Swat River canal	6,20,190	6,15,443	6,07,823	5,62,908	5,89,259	6,42,000	6,00,000
Kabul River canal	1,86,660	1,82,373	1,64,918	1,83,783	1,75,836	2,07,000	1,80,000
Godavari Delta system	1,24,184	1,70,251	1,39,319	1,47,533	1,37,075	1,42,000	1,50,000
Kistna „ „	97,152	86,329	1,03,293	1,12,416	1,23,646	1,19,000	1,17,000
Cauvery „ „	4,589	4,471	4,913	5,026	12,169	10,000	11,000
Penner River canals	4,734	3,367	4,337	2,705	2,489	3,000	3,000
Periyar project	5,604	7,597	14,541	15,654	10,352	16,000	11,000
Rushikulya project	1,586	3,870	2,993	2,521	2,379	3,000	3,000
Lower Coleroon anicut system	2,435	2,819	2,382	1,673	4,818	6,000	4,000
Shatiatope anicut „	901	660	855	926	816	1,000	1,000
Desert canal	86,359	77,146	93,735	1,13,838	76,673	85,000	93,000
Begari „	36,288	39,646	36,134	42,825	34,192	31,000	35,000
Eastern Nara works	18,719	18,708	14,904	18,325	35,573	28,000	20,000
Jamrao canal	57,856	22,614	37,416	45,095	72,799	45,000	43,000
Mutha canals	3,91,756	3,89,704	3,67,075	4,27,393	4,26,484	3,68,000	3,78,000
Nira canal	5,42,333	5,88,392	5,54,722	4,95,014	4,26,580	4,94,000	4,08,000
Midnapore canal	2,10,152	2,23,591	2,29,092	2,31,928	2,19,140	2,33,000	2,28,000
Hijili Tidal canal	36,427	30,371	48,987	57,804	59,161	67,000	52,000
Ganges canal (including Hathras Branch)	38,86,390	40,16,206	40,08,030	42,05,711	43,85,230	46,38,000	45,26,000
Lower Ganges canal	29,48,277	34,39,197	31,04,648	26,99,712	29,13,964	33,02,000	31,55,000
Agra canal	8,48,157	8,38,004	8,39,299	11,34,629	8,92,152	6,72,000	7,04,000
Eastern Jumna canal	14,87,717	15,25,253	14,14,917	14,97,457	14,27,780	14,82,000	14,27,000
† Dun canal	1,17,472	1,25,770	1,05,491	1,21,512	1,24,719	1,13,000	1,11,000
† Bijnor canal	37,073	43,294	42,006	47,484	55,811	51,000	18,000
Betwa canal	2,44,791	1,20,145	3,08,820	2,94,236	2,07,803	3,10,000	1,76,000
Western Jumna canal	33,15,029	30,18,745	27,77,563	29,44,574	30,84,359	26,50,000	29,00,000
Upper Bari Doab canal	43,06,606	39,47,124	41,03,892	45,43,416	42,33,249	42,00,000	42,00,000
Sirhind canal	40,52,176	38,95,706	31,38,533	42,21,539	33,37,868	28,30,000	37,60,000
Upper Chenab canal	5,53,602	6,25,236	9,56,871	23,08,947	19,95,104	18,00,000	21,20,000
Lower Chenab canal	84,24,935	84,96,689	84,48,507	87,70,559	85,64,733	86,50,000	86,80,000
Lower Jhelum canal	27,59,425	28,03,381	26,50,220	29,74,283	27,90,791	26,50,000	28,00,000
Indus Inundation canals	2,37,866	1,77,191	1,87,116	2,54,809	1,94,891	1,60,000	1,70,000
Mandalay canal	3,14,862	3,08,443	2,99,621	3,41,377	1,98,429	3,35,000	2,13,000
Shwebo canal	6,73,000	6,26,524	6,72,705	6,46,427	5,66,919	6,84,000	7,46,000
Mon canal	2,56,060	1,79,185	4,17,719	2,78,297	1,94,198	3,36,000	2,64 000
Twante Canal	...	...	...	87,154	3,87,865	3,64,000	3,64,000
Orissa canals	5,20,053	5,49,374	5,70,240	5,79,993	5,80,779	5,92,000	5,94,000
Sone canal	19,61,859	17,32,222	20,10,113	18,77,145	19,13,565	19,29,000	20,91,000
Other projects	21,16,210	24,42,312	25,86,102	28,71,767	44,00,062	66,28,000	68,32,000
TOTAL	4,14,89,485	4,13,77,353	4,10,69,852	4,51,68,395	4,48,58,712	4,68,76,000*	4,82,88,000*
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Lower Swat River canal	50,652	50,683	50,787	50,822	50,908	51,000	51,000
† Kabul River canal	11,875	10,837	10,565	10,912	11,013	11,000	11,000
Godavari Delta System	37,64,330	36,61,044	39,03,086	37,36,767	39,30,717	38,30,000	38,30,000
Kistna „ „	34,90,756	33,63,382	33,55,896	32,55,216	34,10,544	33,51,000	33,86,000
Cauvery „ „	9,74,332	9,28,835	9,52,155	8,85,390	9,38,650	9,39,000	9,39,000
Penner River canals	5,38,303	5,46,350	5,66,512	5,58,189	5,94,984	5,84,000	5,84,000
Periyar project	5,68,296	5,62,302	5,79,521	5,22,792	5,74,421	5,62,000	5,62,000
Carried over	93,98,544	91,23,433	94,18,522	90,20,088	95,11,237	93,28,000	93,63,000

* Excluding Civil Officers' figures as under :—

	Revised. R	Budget. R
United Provinces	1,04,000	1,08,000
Punjab	8,000	8,000
Total	1,12,000	1,16,000

† Transferred to '49 from 1st April 1907.

Appendix III, Table V—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20—*continued.*

	Actuals.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	R	R	R	R	R	R	R
PORTION OF LAND REVENUE DUE TO IRRIGATION—*contd.*							
Brought forward	93,98,544	91,23,433	94,18,522	90,20,088	95,11,237	93,28,000	93,63,000
Rushikulya Project	1,89,488	1,83,155	1,86,348	1,58,771	1,81,545	1,84,000	1,84,000
† Lower Coleroon anicut system	2,71,658	2,31,723	2,35,977	2,79,655	2,87,652	2,82,000	2,88,000
† Shatiatope anicut „	87,694	1,00,816	1,05,174	1,06,505	1,10,138	1,06,000	1,10,000
Desert canal	2,26,053	2,82,096	2,83,277	3,44,534	3,52,946	3,30,000	2,90,000
Begari „	4,78,371	5,21,982	5,23,830	6,18,472	5,45,315	5,40,000	5,20,000
Eastern Nara Works	5,82,075	6,13,984	6,35,477	6,21,058	5,41,305	5,40,000	5,30,000
Jamrao canal	7,39,999	6,14,236	9,51,780	7,31,782	7,34,575	7,20,000	7,20,000
Mutha canal	*—11,646*	*—10,293*	*—9,503*	*—11,328*	*—9,693*	...	...
Nira canal	*—26,702*	*—38,662*	*—27,245*	*—24,363*	*—20,778*	...	...
Ganges canal	9,62,748	9,85,219	10,07,894	10,30,532	10,30,532	10,31,000	10,31,000
Lower Ganges canal	4,95,868	5,43,619	6,50,478	7,39,647	7,55,271	7,55,000	7,55,000
Eastern Jumna canal	2,53,952	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
† Dun canal	24,980	24,980	24,980	24,980	24,980	25,000	25,000
† Bijnor canal	14,984	14,984	14,984	14,984	14,984	15,000	15,000
Western Jumna canal	2,21,397	2,09,125	2,30,990	2,08,310	2,30,276	2,20,000	2,20,000
Upper Bari Doab canal	5,91,597	4,52,948	6,16,293	6,68,875	7,13,348	7,00,000	6,60,000
Sirhind Canal	35,437	18,354	89,551	1,42,791	98,174	1,30,000	1,36,000
Upper Chenab canal	5,903	2,01,762	61,077	2,54,872	3,53,650	5,50,000	5,50,000
Lower Chenab canal	70,56,188	70,90,846	74,74,480	80,68,027	67,06,092	77,00,000	74,00,000
Lower Jhelum canal	15,47,514	15,62,192	14,72,343	17,64,683	16,38,652	17,00,000	17,00,000
Indus Inundation canals	2,67,940	2,49,221	2,50,227	2,73,500	2,46,840	2,25,000	2,30,000
Mandalay canal	52,604	52,444	50,120	58,096	31,427	50,000	55,000
Shwebo canal	1,26,718	1,19,961	1,29,590	1,21,216	1,06,388	1,34,000	1,46,000
Mon canal	39,302	27,343	66,065	44,541	30,618	50,000	49,000
Other projects	16,32,948	15,28,542	18,59,144	18,92,448	20,64,000	34,90,000	41,53,000
TOTAL	2,52,65,614	2,50,17,962	2,66,05,805	2,74,06,628	2,65,33,426	2,90,59,000	2,93,84,000
TOTAL REVENUE—							
Lower Swat River canal	6,70,842	6,66,126	6,58,610	6,13,730	6,40,167	6,93,000	6,51,000
† Kabul river canal	1,98,535	1,93,210	1,75,483	1,94,695	1,86,849	2,18,000	1,91,000
Godavari Delta System	38,88,514	38,31,295	40,42,405	38,84,300	40,67,792	39,72,000	39,80,000
Kistna „ „	35,87,908	34,49,711	34,59,189	33,67,632	35,33,190	34,70,000	35,03,000
Cauvery Delta System	9,78,921	9,33,306	9,57,068	8,90,416	9,50,819	9,49,000	9,50,000
Penner River canals	5,43,037	5,49,717	5,70,849	5,60,894	5,97,473	5,87,000	5,87,000
Periyar Project	5,73,900	5,69,899	5,94,062	5,38,446	5,84,773	5,78,000	5,73,000
Rushikulya Project	1,91,074	1,87,025	1,89,341	1,61,292	1,83,924	1,87,000	1,87,000
†Lower Coleroon anicut system	2,74,093	2,84,542	2,88,359	2,81,328	2,92,470	2,88,000	2,92,000
†Shatiatope anicut system	88,595	1,01,476	1,06,029	1,07,431	1,10,954	1,07,000	1,11,000
Desert canal	3,12,412	3,59,242	3,77,012	4,58,372	4,29,619	4,15,000	3,83,000
Begari „	5,14,659	5,61,628	5,59,964	6,61,297	5,79,507	5,71,000	5,55,000
Eastern Nara works	6,00,794	6,32,692	6,50,381	6,39,383	5,76,878	5,68,000	5,50,000
Jamrao canal	7,97,355	6,36,350	9,89,196	7,76,877	8,07,374	7,65,000	7,63,000
Mutha canal	3,80,110	3,79,411	3,57,572	4,16,065	4,16,791	3,68,000	3,78,000
Nira canal	5,15,631	5,59,730	5,27,477	4,70,651	4,05,802	4,94,000	4,08,000
Midnapur canal	2,10,152	2,23,591	2,29,092	2,31,928	2,19,140	2,33,000	2,28,000
Hijili Tidal canal	36,427	30,371	48,937	57,804	59,161	67,000	52,000
Ganges canal (including Hathras Branch)	48,49,138	50,01,425	50,15,924	52,36,243	54,15,762	56,69,000	55,57,000
Lower Ganges canal	34,44,145	39,82,816	37,55,126	34,39,359	36,69,235	40,57,000	39,10,000
Agra canal	8,48,157	8,38,004	8,39,299	11,34,629	8,92,152	6,72,000	7,04,000
Eastern Jumna canal	17,41,669	17,79,205	16,68,869	17,51,409	16,81,732	17,36,000	16,81,000
† Dun canal	1,42,452	1,50,750	1,30,471	1,46,492	1,49,699	1,38,000	1,36,000
Carried over	2,53,89,020	2,59,02,022	2,61,90,765	2,60,20,673	2,64,51,263	2,68,02,000	2,63,30,000

† Transferred to 49, from 1st April 1907.

Appendix III, Table V—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works, for five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates for 1919-20—*continued.*

	Actuals.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	R	R	R	R	R	R	R
Total Revenue—*concld.*							
Brought forward .	2,53,89,020	2,59,02,022	2,61,90,765	2,60,20,673	2,64,51,263	2,68,02,000	2,63,30,000
†Bijnor canal	52,057	58,278	56,990	62,468	70,795	66,000	33,000
Betwa canal	2,44,791	1,20,145	3,08,820	2,94,236	2,07,803	3,10,000	1,76,000
Western Jumna canal . . .	35,36,426	32,27,870	30,08,553	31,52,884	33,14,635	28,70,000	31,20,000
Upper Bari Doab canal . . .	48,98,203	44,00,072	47,20,185	52,12,291	49,46,597	49,00,000	48,60,000
Sirhind canal	40,87,613	39,14,060	32,28,084	43,64,330	34,36,042	29,60,000	38,96,000
Upper Chenab canal . . .	5,59,505	8,26,998	10,17,948	25,63,819	23,48,754	23,50,000	26,70,000
Lower Chenab canal . . .	1,54,81,123	1,55,87,535	1,59,22,987	1,68,38,586	1,52,70,825	1,63,50,000	1,60,80,000
Lower Jhelum canal . . .	43,06,939	43,65,573	41,22,563	47,38,966	44,29,443	43,50,000	45,00,000
Indus Inundation canals . .	5,05,806	4,26,412	4,37,343	5,28,309	4,41,731	3,85,000	4,00,000
Mandalay canal	3,67,466	3,60,887	3,49,741	3,99,473	2,29,856	3,85,000	3,68,000
Shwebo canal	7,99,718	7,46,485	8,02,295	7,67,643	6,73,307	8,18,000	8,92,000
Mon canal	2,95,362	2,06,528	4,83,784	3,22,838	2,24,816	3,86,000	3,13,000
Twante canal	...	...	...	87,154	3,87,865	3,64,000	3,64,000
Orissa canals	5,20,053	5,49,374	5,70,240	5,79,993	5,80,779	5,92,000	5,91,000
Sone canals	19,61,859	17,32,222	20,10,113	18,77,145	19,13,565	19,29,000	20,91,000
Other Projects	37,49,158	39,70,854	44,45,246	47,64,215	64,64,062	1,01,18,000	1,09,85,000
Total .	6,67,55,099	6,63,95,315	6,76,75,657	7,25,75,023	7,13,92,138	7,59,35,000	7,76,72,000
Working Expenses—							
Lower Swat River canal . .	1,57,093	1,42,420	2,00,376	1,31,892	1,64,566	2,17,000	1,35,000
†Kabul River canal . . .	1,04,830	85,982	1,50,367	1,28,652	92,649	67,000	76,000
Godavari Delta system . .	8,11,801	7,99,842	7,13,803	6,42,601	7,41,976	5,95,000	5,30,000
Kistna „ „ . .	7,08,696	8,06,121	6,92,492	5,43,181	6,03,430	4,73,000	4,49,000
Cauvery „ „ . .	1,36,941	1,76,385	1,35,005	1,05,174	1,26,453	1,43,000	1,25,000
Penner River canals . .	76,261	64,794	68,411	74,050	69,132	50,000	61,000
Periyar Project . . .	1,60,813	1,14,584	1,27,194	1,15,949	1,14 725	1,12,000	1,12,000
Rushikulaya Project . .	65,471	58,261	67,877	63,335	48,489	52,000	57,000
†Lower Coleroon anicut system .	59,062	1,41,209	58,257	57,453	70,073	90,000	51,000
†Shatiatope anicut system .	32,915	52,811	26,318	28,002	22,904	25,000	28,000
Desert canal	1,34,374	1,15,901	90,685	98,239	92,745	1,35,000	1,28,000
Begari canal	2,62,116	1,32,987	1,38,051	1,22,794	1,15,226	2,15,000	1,27,000
Eastern Nara Works . .	1,82,979	1,61,408	2,02,840	1,85,616	2,11,666	1,76,000	1,75,000
Jamrao canal	3,11,843	3,05,604	3,22,584	3,24,218	4,74,551	3,15,000	3,22,000
Mutha canals	1,08,799	1,13,809	1,39,694	1,56,807	1,69,372	1,94,000	1,48,000
Nira canal	87,668	1,29,992	1,22,590	1,22,874	1,11,880	1,14,000	1,37,000
Midnapore canal	1,78,785	1,32,836	1,37,172	1,58,613	1,19,659	1,57,000	1,79,000
Hijili Tidal canal . . .	1,19,004	1,24,864	58,850	27,191	51,641	80,000	24,000
Ganges canal	11,91,519	12,14,984	11,92,670	11,94,071	12,49,475	9,93,000	11,18,000
Lower Ganges canal . . .	10,17,056	10,32,134	10,23,669	9,93,404	9,54,153	9,96,000	9,83,000
Agra canal	3,16,625	3,14,546	3,05,337	3,06,046	2,98,032	3,01,000	3,05,000
Eastern Jumna canal . . .	3,59,446	3,71,395	3,64,262	3,43,107	3,42,992	3,42,000	3,19,000
†Dun canal	49,628	56,821	59,501	81,460	61,503	60,000	77,000
†Bijnor canal	25,788	27,185	24,751	27,322	28,608	19,000	21,000
Betwa canal	2,33,008	2,17,639	2,31,528	2,07,676	2,01,462	1,58,000	1,37,000
Western Jumna canal . . .	12,94,029	13,07,508	13,26,245	12,80,062	12,89,886	12,50,000	13,10,000
Upper Bari Doab canal . . .	14,46,549	13,72,589	12,84,560	13,21,218	12,46,760	12,90,000	12,60,000
Sirhind canal	11,39,195	11,21,809	11,58,609	13,05,269	11,79,282	10,90,000	11,10,000
Upper Chenab canal . . .	3,85,400	7,47,390	7,99,400	7,96,944	10,26,583	11,62,000	11,51,000
Lower Chenab canal . . .	21,96,088	21,94,802	31,20,602	25,65,018	23,03,271	22,00,000	21,98,000
Lower Jhelum canal . . .	9,19,689	8,23,556	7,53,848	9,14,193	8,46,172	7,50,000	7,60,000
Carried over .	1,42,73,476	1,44,62,168	1,50,97,548	1,44,22,431	1,44,29,316	1,38,21,000	1,36,13,000

† Transferred to 49, from 1st April 1907.

Appendix III, Table V—*concluded.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross receipts, working expenses, and net earnings of Irrigation Major Works five years ending 1917-18, with Revised Estimates for 1918-19, and Budget Estimates 1919-20—*concluded.*

	Actuals.					Revised Estimate, 1918-19.	Budget Estimate, 1919-20.
	1913-14.	1914-15.	1915-16.	1916-17.	1917-18.		
	R	R	R	R	R	R	R
Brought forward .	1,42,73,476	1,44,62,168	1,50,97,548	1,44,22,431	1,44,29,316	1,36,13,000	1,36,13,000
WORKING EXPENSES—*concld.*							
Indus Inundation canals . . .	3,64,270	3,98,155	4,25,491	3,78,919	3,81,384	3,13,000	3,23,000
Mandalay canal	61,411	4,49,555	1,38,004	1,54,504	70,464	83,000	1,00,000
Shwebo canal	2,70,051	2,77,472	2,57,047	2,44,204	2,49,653	2,87,000	3,27,000
Mon canal	1,14,649	2,09,798	1,95,640	1,58,933	1,35,650	1,16,000	1,10,000
Twante canal	...	...	...	6,928	83,898	78,000	83,000
Orissa canal	5,05,785	5,65,147	4,75,648	4,72,120	4,56,369	3,37,000	3,68,000
Sone canal	7,28,937	6,80,929	7,48,349	7,09,790	7,74,507	7,62,000	8,04,000
Other projects	18,98,066	22,97,673	32,86,074	37,20,088	44,86,061	53,37,000	52,96,000
Reserve	...	...	...	...	...	...	2,33,000
TOTAL .	1,82,16,645	1,93,40,897	2,06,23,801	2,02,67,917	2,10,67,302	2,11,34,000*	2,12,57,000*
NET REVENUE—							
Lower Swat River canal . . .	5,13,749	5,23,706	4,58,234	4,81,838	4,75,601	4,76,000	5,16,000
Kabul River canal	93,705	1,07,228	25,116	66,043	94,200	1,51,000	1,15,000
Godavari Delta system . . .	30,76,713	30,31,453	33,28,602	32,41,699	33,25,816	33,77,000	34,50,000
Kistna „ „ . . .	28,79,212	26,43,590	27,66,697	28,24,451	29,29,760	29,97,000	30,54,000
Cauvery „ „ . . .	8,41,980	7,56,921	8,22,063	7,85,242	8,24,366	8,06,000	8,25,000
Penner River canals system . .	4,66,776	4,84,923	5,02,438	4,86,244	5,23,341	5,37,000	5,26,000
Periyar Project	4,13,087	4,55,315	4,66,868	4,22,497	4,70,048	4,66,000	4,61,000
Rushikulya Project	1,25,603	1,28,764	1,21,464	97,957	1,35,435	1,35,000	1,30,000
Lower Coleroon anicut system . .	2,15,031	1,43,333	2,30,102	2,23,875	2,22,397	1,98,000	2,41,000
Shatiatope anicut „ . .	55,680	48,665	79,711	79,429	88,050	82,000	83,000
Desert canal	1,78,038	2,43,341	2,86,327	3,60,133	3,36,874	2,80,000	2,55,000
Begari „	2,52,543	4,28,641	4,21,913	5,38,503	4,64,281	3,56,000	4,28,000
Eastern Nara Works . . .	4,17,815	4,71,284	4,47,541	4,53,767	3,65,212	3,92,000	3,75,000
Jamrao canal	4,86,007	3,31,246	6,66,612	4,52,659	3,32,823	4,50,000	4,41,000
Mutha canals	2,71,311	2,65,602	2,17,878	2,59,258	2,47,419	1,74,000	2,30,000
Nira canal	4,27,963	4,29,738	4,04,887	3,47,777	2,93,922	3,80,000	2,71,000
Midnapur canal	31,367	90,755	91,920	73,315	99,481	76,000	49,000
Hijili Tidal canal	*—82,577*	*—94,493*	*—9,863*	30,613	7,520	—13,000	28,000
Ganges canal (including Hathras Branch).	36,57,619	37,36,441	38,23,254	40,42,172	41,66,287	46,76,000	44,39,000
Lower Ganges canal . . .	24,27,089	29,50,682	27,31,457	24,45,955	27,15,082	30,61,000	29,27,000
Agra canal	5,31,532	5,23,458	5,33,962	8,28,583	5,94,120	3,71,000	3,99,000
Eastern Jumna canal . . .	13,82,223	14,07,810	13,04,607	14,08,302	13,38,740	13,94,000	13,62,000
Dun canal	92,824	93,929	70,970	65,032	88,196	78,000	59,000
Bijnor canal	26,269	31,093	32,239	35,146	42,187	47,000	12,000
Betwa canal	11,783	—97,494	77,292	86,560	6,341	1,52,000	39,000
Western Jumna canal . . .	22,42,397	19,20,362	16,82,308	18,72,822	20,24,749	16,20,000	18,10,000
Upper Bari Doab canal . . .	34,51,654	30,27,463	34,35,625	38,91,073	36,99,837	36,10,000	36,00,000
Sirhind canal	29,48,418	27,92,251	20,69,475	30,59,061	22,56,760	18,70,000	27,36,000
Upper Chenab canal . . .	1,74,105	79,608	2,18,548	17,66,875	13,22,171	11,88,000	15,19,000
Lower Chenab canal . . .	1,32,85,035	1,33,92,733	1,28,02,385	1,42,73,568	1,29,67,554	1,41,50,000	1,38,82,000
Lower Jhelum canal . . .	33,87,250	35,42,017	33,68,715	38,24,773	35,83,271	36,00,000	37,40,000
Indus Inundation canals . . .	1,41,536	28,257	11,852	1,49,390	60,347	72,000	77,000
Mandalay canal	3,06,055	—88,668	2,11,737	2,44,969	1,59,392	3,02,000	2,68,000
Shwebo canal	5,29,667	4,69,013	5,45,248	5,23,439	4,23,654	5,31,000	5,65,000
Mon canal	1,80,713	—3,270	2,88,144	1,63,905	89,166	2,70,000	2,03,000
Twante canal	...	...	...	80,226	3,03,967	2,86,000	2,81,000
Orissa canals	14,268	—15,773	94,592	1,07,873	1,24,410	2,55,000	2,26,000
Sone canals	12,32,922	10,51,293	12,61,764	11,67,355	11,39,058	11,67,000	12,87,000
Other projects	18,51,092	16,73,181	11,59,172	10,44,127	19,78,001	47,81,000	56,89,000
Reserve	...	...	...	...	...	...	—2,33,000
TOTAL .	4,85,38,454	4,70,54,418	4,70,51,856	5,23,07,106	5,03,24,836	5,48,01,000	5,64,15,000

*Excluding Civil Officers' figures as under :—

	Revised.	Budget.
	Rs.	Rs.
United Provinces .	12,000	13,000
Punjab . . .	2,000	1,000
	14,000	14,000

Appendix III—*continued.*

Table VI—Capital Account of Subsidized Railways.

Actuals, 1917-1918.

Railways.	Amount in sterling.	Equivalent at Rs. 15=£1.
Subsidized Railways.	£	Rs.
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur	...	...
Baripada-Talbond	10,600	1,59,000
Bombay, Baroda and Central India Railway Branch Lines	2,334	35,000
Branch lines under the audit of the Government Examiner, East Indian Railway	14,965	2,24,469
Central Provinces Railways	*—667*	*—10,000*
Chaparmukh-Silghat	32,322	4,84,832
Dhond-Baramati	...	...
Hardwar-Dehra	733	11,000
Kalighat-Falta	17,057	2,55,868
Katakhal Lalabazar	*—1,858*	—27,867
Khulna-Bagerhat	16,813	2,52,200
Mandra-Bhaun	134	2,000
Mymensingh-Bhairab Bazar	105,559	15,83,381
Mymensingh-Jamalpur-Jagannathganj	...	...
Nawshahr-Jaijon Extension	...	...
Pachora-Jamner	31,124	4,66,861
Panposh Raipura	33,574	5,03,609
Pulgaon-Arvi	9,533	1,43,000
Sara-Serajganj	...	...
Sialkot-Narowal	4,467	67,000
Total Receipts	276,690	41,50,353
Withdrawals in India.		
Assam-Bengal	*—305,755*	*—45,86,330*
Bengal-Nagpur	*—963,101*	*—1,44,46,513*
Burma	*—53,192*	*—7,97,887*
Lucknow-Bareilly	*—6,068*	*—91,021*
Madras and Southern Mahratta	*—13,388*	*—2,00,817*
	—1,341,504	*—2,01,22,568*
Amritsar-Patti-Kasur	620	9,305
Baripada-Talbond	11,391	1,70,862
Bombay, Baroda and Central India Railway Branch Lines	1,768	26,513
Branch lines under the audit of the Government Examiner, East Indian Railway	21,676	3,25,133
Central Provinces Railways	3,709	55,636
Chaparmukh-Silghat	32,115	4,81,727
Dhond-Baramati	137	2,054
Hardwar-Dehra	408	6,132
Kalighat-Falta	36,641	5,49,607
Katakhal Lalabazar	4,971	74,570
Khulna-Bagerhat	14,977	2,24,658
Mandra-Bhaun	829	12,428
Mymensingh-Bhairab Bazar	140,367	21,05,508
Mymensingh-Jagannathganj	241	3,618
Nawshahr-Jaijon Extension	...	...
Pachora-Jamner	35,895	5,38,420
Panposh Raipura Extension	33,400	5,01,000
Pulgaon-Arvi	9,057	1,35,860
Sara-Serajganj	*—2,491*	*—37,362*
Sialkot-Narowal	2,251	33,759
	347,969	52,19,428
Total Withdrawals	—993,542	—1,49,03,140
Net Withdrawals	—1,270,232	—1,90,53,493

Appendix III, Table VI—*continued.*

Table VI.—Capital Account of Subsidized Railways—*continued.*

Revised, 1918-1919.

Railways.	Amount in sterling. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000)
	£	Rs.
Subsidized Railways.		
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur	...	...
Baripada-Talbond	6	10
Bombay, Baroda and Central India Railway Branch Lines	...	...
Central Provinces Railways	1,7	25
Chaparmukh Silghat	2,5	37
Dhond-Baramati	7	10
East Indian Railway Branch Lines	9,5	1,42
Hardwar-Dehra	4	6
Kalighat-Falta	3,1	46
Katakhal Lalabazar	3	5
Khulna-Bagerhat	8,3	1,25
Mandra-Bhaun	...	...
Mymensingh-Bhairab Bazar	55,0	8,25
Mymensingh-Jamalpur-Jagannathganj	...	...
Nawshahr-Jaijon Extension	2,6	40
Pachora-Jamner	16,3	2,44
Panposh-Raipura	39,5	5,92
Pulgaon-Arvi	2,3	34
Sara-Serajganj	...	...
Sialkot-Narowal	...	...
Variations anticipated	2	4
Total Receipts	143,0	21,45
Withdrawals in India.		
Assam-Bengal	—85,8	—12,87
Bengal-Nagpur	—363,7	—54,55
Burma	—53,7	—8,06
Lucknow-Bareilly	—11,7	—1,76
Madras and Southern Mahratta	54,8	8,22
	—460,1	—69,02
Amritsar-Patti-Kasur	...	...
Baripada-Talbond	1,9	29
Bombay, Baroda and Central India Railway Branch Lines	3	4
Central Provinces Railways	2,0	30
Chaparmukh Silghat	4,7	70
Dhond-Baramati	9	13
East Indian Railway Branch Lines	9,5	1,43
Hardwar-Dehra	8	12
Kalighat-Falta	3,2	48
Katakhal Lalabazar	1,0	15
Khulna-Bagerhat	12,3	1,85
Mandra-Bhaun	1	2
Mymensingh-Bhairab Bazar	60,0	9,00
Mymensingh-Jagannathganj	3	4
Nawshahr-Jaijon Extension	2,6	40
Pachora-Jamner	15,5	2,33
Panposh-Raipura	39,6	5,95
Pulgaon-Arvi	3,1	46
Sara-Serajganj	3,1	46
Sialkot-Narowal	—1	—2
Variations anticipated	11	16
	161,9	24,29
Total Withdrawals	—298,2	—44,73
Net Withdrawals	—441,2	—66,18

Appendix III, Table VI—*concluded.*

Table VI.—Capital Account of Subsidized Railways—*concluded.*

Budget Estimate, 1919-1920.

Railways.	Amount in sterling. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)
Subsidized Railways.	£	Rs.
Receipts.		
Capital received in India.		
Amritsar-Patti-Kasur	1,7	25
Baripada-Talbond	25,9	3,88
Bombay, Baroda and Central India Railway Branch Lines	1,5	22
Central Provinces Railways	2,7	40
Chaparmukh Silghat	43,3	6,50
Dhond-Baramati	1,0	15
East Indian Railway Branch Lines	4,3	65
Hardwar-Dehra	1,7	26
Kalighat-Falta	2,4	36
Katakhal Lalabazar	40,0	6,00
Khulna-Bagerhat	7	10
Mymensingh-Bhairab Bazar	13,3	2,00
Mymensingh-Jamalpur-Jagannathganj	7	10
Nawshahr-Jaijon	1	2
Pachora-Jamner	4,9	73
Panposh-Raipura	18,4	2,76
Pulgaon-Arvi	6	10
Sara-Serajganj	...	...
Variations anticipated	2,5	38
Total Receipts	165,7	24,86
Withdrawals in India.		
Assam-Bengal	—481,5	—72,23
Bengal-Nagpur	—1,270,1	—1,90,52
Burma	28,6	4,29
Lucknow-Bareilly	—42,5	—6,37
Madras and Southern Mahratta	—155,0	—23,24
	—1,920,5	—2,88,07
Amritsar-Patti-Kasur	2,3	34
Baripada-Talbond	25,9	3,88
Bombay, Baroda and Central India Railway Branch Lines	2,2	33
Central Provinces Railways	2,7	40
Chaparmukh Silghat	43,4	6,50
Dhond-Baramati	1,0	15
East Indian Railway Branch Lines	4,3	65
Hardwar-Dehra	1,7	26
Kalighat-Falta	2,4	36
Katakhal Lalabazar	40,0	6,00
Khulna-Bagerhat	7	10
Mymensingh-Bhairab Bazar	13,3	2,00
Mymensingh-Jagannathganj	7	10
Nawshahr-Jaijon	1	2
Pachora-Jamner	4,9	73
Panposh-Raipura	18,4	2,76
Pulgaon-Arvi	6	10
Sara-Serajganj	3,3	50
Variations anticipated	2,0	30
	169,9	25,48
Total Withdrawals	—1,750,6	—2,62,59
Net Withdrawals	—1,916,3	—2,87,45

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EAST INDIA (FINANCIAL STATEMENT AND BUDGET).

RETURN to an Address of the Honourable the House of Commons, dated 15 June 1921;—*for*,

INDIAN FINANCIAL STATEMENT and BUDGET for 1921-22, and Discussions thereon in the Indian Legislature (in continuation of Parliamentary Paper, No. 103 of 1920).

India Office,
26 June 1921.

F. W. DUKE,
Under Secretary of State for India.

Ordered, by The House of Commons, *to be Printed*,
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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

BUDGET FOR 1921-22.

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BUDGET FOR 1921-22.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Tuesday, 1st March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

The Honourable Mr. W. M. Hailey:—Mr. President, I have before me to-day a task which is by no means an easy one; it is a task indeed which I fancy that few members of this House can envy me. That the prevailing commercial depression, and the turn of the balance of trade against India has had, and must continue to have, a sinister influence on the finances of the State, is patent to every one: and the press has been full of dark prophecies of a heavy deficit and increased taxation. I stand before a House which must already be under the influence of gloomy anticipations of what I may have to tell it; what is more, I stand before the House in a different attitude, almost a different capacity, from that of any of my predecessors. They have had their lean years and their fat years; at times they have come before the public, smiling and comfortable men, with their tale of swelling revenues and an assured surplus; at times they have had to confess ruefully to coffers depleted by disasters due, as the law would say, either to the hand of God or the malice of the King's enemies, the effects of which my prosaic department expresses in deficits and fresh taxation. But their circumstances were different. They addressed an audience which had the power of criticism, and nothing more. Their budget proposals were laid before the Council for information and discussion; they did not require the specific approval of Council, and the most unqualified expression of disapproval did not necessarily entail their modification. Very different is my case to-day. Every one will, I think, agree that it is the section of the Government of India Act in relation to the budget which constitutes, as far as this Assembly is concerned, the substance of the advance in the transfer of power to the representatives of the people. Save for the items of expenditure mentioned in Section 67 A (3) of the Act, all proposals for expenditure are subject to the vote of the House; and this is qualified only by the power of the Governor General in Council to restore any provision if he can certify that such provision is essential to the discharge of his responsibilities. But the change goes far beyond this. What I have just said relates to the power of the House to give or withhold its assent to proposed expenditure when this can be met from the estimated revenues of the year. If those revenues are insufficient, and it becomes necessary to supplement them by finding additional sources of revenue in new taxation, then the power of the Indian legislature, with its non-official majority in both Houses, assumes an even more decisive character. These are the new circumstances to which I have referred; and it is to an Assembly so constituted that a Finance Member has for the first time to justify his stewardship. I might fairly be excused if I envied my predecessors their more spacious days. But I have no such feeling. This House may, no doubt will, criticize the wisdom of measures that have been undertaken by us in the past, when the sole responsibility was ours. But for the future they will have to share that responsibility. If we incur expenditure, it will be under their mandate. If we impose taxation, it will be by their vote. If the burden pressing on any class of the community has to be lightened; if large concessions have to be given to any class of Government employés; if large schemes of development on any project of social or moral improvement have to be financed, the House will have to share with us the responsibility to the general taxpayer. Through its Public Accounts Committee the Assembly will have a powerful weapon for criticising the manner in which grants voted by it have been disposed of or for exploring the possibility of economy in standing expenditure.

Effect of constitutional changes.

Enhanced powers of Assembly as compared with the former Councils.

Speaking here today I frankly, and with no feeling of regret at the curtailment of our former powers, welcome the measure which has given us so powerful a partner in the trusteeship for the finances of India.

With equal sincerity, I would add that from what we, on our side, have already seen of the temper and attitude of this House, I am confident that it will endeavour to rise to the height of the responsibilities now devolving on it. But let me add one word of caution. The world will be watching to see how we satisfy this, perhaps the most critical, test of the capacity of a representative assembly. We shall be judged mainly by the measures we take in regard to the larger questions of finance, the amortisation of our public debt, the handling of our currency note issue, the conscious avoidance of the resort to floating debt to tide over temporary shortage of revenues. In the larger finance there are no short cuts or cheap expedients; an inexorable law forbids us to attempt to secure immediate solvency by overpledging the future. Again, as regards economy in expenditure, let us strive for it by every means in our power. But it is not economical to attempt sudden or insufficiently explored changes in administration; nor is it economical to curtail the essential measures of national defence. I utter these warnings not because I desire to anticipate criticism, or to prejudge the issues that will arise in regard to this budget. I put them forward as canons of good finance; because we must observe them if we are to prove to the world that this representative Assembly is determined to regulate India's finances on sound and healthy lines. And that, I take it, is the common purpose that actuates us all. Let us succeed in that purpose, and neither India nor the world will have reason to doubt of the success of the great constitutional experiment which we, officials and non-officials alike, are pledged to bring to fruition.

Increase of responsibility as well as powers.

2. The House will no doubt desire to have information of the programme we intend to observe. The statements, summarizing our revised estimates of the current year and the Budget estimates of next year, will be laid on the table this morning. We want the House to have the fullest information regarding the component items of the various demands for grants that will be subject to its vote. The estimates of the expenditure under each head have accordingly been prepared by my department in very much greater detail than usual; their preparation and printing has involved a considerable amount of labour, but we have managed to get them ready and they will be placed in the members' hands to-day. As the House has already heard, the Governor General has fixed six days, *viz.*, the 9th, 10th, 11th, 14th, 15th and 16th instant, for the discussion and voting of the various grants. Meanwhile, on the 7th and 8th there will be a general discussion on the budget as a whole, which will give honourable members an opportunity of expressing their opinion more on the general principles involved in the budget proposals than on the details of expenditure contained in the various demands for grants. Subsequent discussion on matters connected with the budget will depend to a large extent upon the discussion involved by certain legislation which I shall ask you, Sir, to allow me to introduce this morning.

Programme of budget discussion.

THE YEAR 1920-21.

General Characteristics.

3. I have spoken of the great constitutional changes which have taken place since the Government of India's budget proposals were last laid before the legislature. Equally far-reaching though, as I believe, vastly less permanent, are the changes which the same period has witnessed in the general trade and financial conditions of the country. Consider the conditions which existed when I presented my Financial Statement a year ago. I was then able to record a year of considerable prosperity. We had certain anxieties as regards our financial future, due to the heavy load of floating debt which we were carrying, the inflation of our currency which imperatively demanded remedial treatment, and the liabilities ahead of us in the shape of large quantities of war bonds due for early maturity; but the outlook was generally bright. The Armistice of November 1918 had been followed by a general trade boom in most countries of the world. Though there were signs that this boom rested on no sure foundation, and that the chaotic condition into which most of the belligerent countries had allowed their finances to fall would sooner or later react upon their economic and industrial position, nevertheless the foreign demand for India's produce was still strong, and as the result of a huge balance of trade in

Changed trade conditions.

l trade boom 1919.

India's favour, exchange had risen to heights previously undreamt of. The 1919 monsoon had been an excellent one, the public revenues had grown considerably during the year, and the only event which had seriously disturbed the anticipations of Lord Meston's budget was the Afghan War in the summer of 1919, which had converted an expected small surplus into a deficit of some 23 crores. There seemed, in fact, to be only two clouds on India's financial horizon. There was first the legacy of war finance, to which I have just referred, which pointed to the need for severe economy until our finances had been rehabilitated, and, secondly, the continuance of high internal prices, which not only pressed severely on the mass of India's population but threatened to involve the taxpayer in considerable expense for wholesale revisions of the pay of all our public servants. But with a maintenance of the prosperity of the previous year, and a continued growth in the public revenues, we felt that we could face the future without fear or misgiving. And I think that the public generally joined with us in our somewhat roseate vision.

4. That vision has alas faded, and has given place to a somewhat grim reality. The trade boom passed away with an uncanny rapidity; and it has left behind it a trough of depression, of which it is possible we have not yet seen the worst. On the one hand, the great purchasing power which India had accumulated after the war, and which was itself enhanced by the high exchange value of the rupee which obtained last cold weather, has been used to import very large quantities of manufactured goods of which during the war her markets were starved. So persistent has been the rush of imports that not only have our customs receipts broken all records, but the Indian markets are now seriously overstocked and dealers have found themselves face to face with a very difficult financial position. On the other hand, the last 8 or 9 months have shown that the recovery of the greater part of the Continent from the economic collapse resulting from the war is likely to be much more protracted than any one had anticipated; the power of India's customers to purchase her produce has been severely restricted, and the export trade is suffering an almost unparalleled depression. To use the words of the British Prime Minister, the countries of Europe have been like a starving man in rags looking longingly through a shop window at commodities which he badly needs but for which he has not the money to pay. The consequence of the inability of our customers to purchase our raw produce has been not only a general contraction for the time being in the demand for India's products, but the piling up of stocks of many of her raw commodities, such as hides and tea. Simultaneously, it has been necessary in the interests of the Indian consumer to continue many restrictions on the export from India of foodgrains, and there has also been a marked falling off in Japan's consumption of raw cotton. All these factors have contributed to a violent swing of the pendulum and the large balance of trade in India's favour existing up to a year ago has now been converted into an adverse balance. The Providence which controls our rainfall has chosen this inopportune moment to add to our difficulties; and the monsoon of 1920 has been on the whole a disappointment. It started well, but ended badly. The average rainfall of the monsoon period over the plains of India as a whole was 12 per cent. below normal, and as a consequence of its very early withdrawal from the wheat-growing provinces the sowings of the rabi crop were much restricted. The effects of all these untoward events are necessarily writ large upon the public finances. But before I touch the figures of the revenue and expenditure of the year, the House would probably like me to deal with certain aspects of the present trade position, in their relation to and reaction on those problems of exchange and currency which have in the past few years occupied so much of the public attention.

Followed by present trade depression.

Its causes.

Poor monsoon of 1920.

Exchange and Currency.

5. I have spoken of the great swing of the pendulum of India's trade. The close of the preceding financial year had shown a trade balance of 95 crores in favour of India, taking into account movements of gold and silver. The persistent growth in imports, which increased from 21 crores in April to no less than 32 crores in December, coupled with a decline in exports in those months from 28 crores to 20 crores resulted in the balance of 95 crores in our favour being replaced by September by an insignificant balance of less than 2 crores, since when it has been continuously against us.

Th adverse balance of trade.

The adverse balance of trade so created has had a very powerful effect upon the rupee-sterling exchange. Twelve months ago to-day the market rate was 2*s.* 7*d.*, to-day it is in the neighbourhood of 1*s.* 4*d.* I know that there are some people who,

Exchange merely the reflection of trade conditions.

by shutting their eyes to the conditions obtaining abroad, and forgetting that India with her large foreign trade cannot possibly remain unaffected thereby, have convinced themselves that the present overstocking of the import markets, and the existing depression in the export trade, is in some undefined way attributable to the exchange policy followed by Government. There are some people with whom it is impossible to reason. But I would ask any one here who may honestly believe that the present (as I believe quite temporary) condition of India's trade has been due mainly to Government's sins of commission or omission, to bear in mind a few considerations. I do not propose to detain the House by attempting any dissertation on the precise relations between internal prices, the inflation of the currency, and the external exchanges, although the general connection between the three is admitted by every person who thinks about these problems. It will be sufficient for me to quote from the remarks made by Lord Cullen, Governor of the Bank of England, at the Brussels Conference, during the course of the debate on currency and exchange. "I would like to confine myself," said Lord Cullen, "to drawing attention to the very elementary fact that the exchange of any country is merely a reflection or symptom of that country's conditions * * * We must continue to pay our way both externally and internally and then, unless there are special conditions which impair our neighbours' confidence in us, exchange will right itself." To attribute the present trade conditions in India to a policy which was enunciated twelve months ago and has obviously not yet been made effective in practice, is such a curious inversion of actual facts, and I should have hesitated to mention it at all were it not that it has received wide expression in some quarters in this country.

Complaints that Government have misled the public.

6. There is, however, a certain feeling at the back of many people's minds for which I must confess I have some sympathy. It is a feeling of acute disappointment, tinged by some resentment against Government, not because they have succeeded in carrying out that policy, but because they have failed to do so. I put their case as follows:—"Government told us last year that they were going to adopt the advice of the Indian Exchange and Currency Committee, and had determined to link the rupee to gold at the ratio of Re. 1=$\frac{1}{10}$th of the gold contained in a sovereign. We were told that this was the correct remedy, both for the currency troubles from which the country had been suffering, inasmuch as it would provide a very substantial guarantee of the convertibility of our note issue, and also that it would in course of time provide a cure for certain economic troubles, more especially the enormous rise in internal prices. Incidentally, it was mentioned to us that India's home charges could thereby be met by a smaller expenditure of rupees. This was the picture that you drew for us, and many of us made our business arrangements on the strength of that assurance. We entered into contracts for imports which, now that the goods arrive in the country, we cannot, owing to the slump in exchange, fulfil except at a very heavy loss. The only visible results of the new policy that we can see are, firstly, that it has failed, with the result that dealers in imported goods are in very serious financial difficulties; secondly, that the export trade is languishing; and, thirdly, that the finances of the country have suffered serious losses in the wasteful efforts to make your policy good."

No assurance by Government of stability.

7. Well, that is the charge against us; and it should not remain unanswered. I have no wish nor indeed am I able to be otherwise than perfectly frank on this subject. It would be futile for me to pretend that our own expectations have not been falsified. It would be equally futile to pretend that the attempt to make those expectations good has not seriously diminished India's sterling resources, has not caused other losses which will have eventually to be made good, and has not to some extent contributed to the excess of imports. But let me recapitulate briefly the course of events during the past two years. Throughout 1918 the enormous balance of trade in India's favour had by stages forced up the exchange value of the rupee, until in January 1919 the situation was as follows:—The successive rises in exchange, and the very great uncertainty as to the future, had led to an insistent demand from the business public, both Indian and European, for the formulation and announcement of a clear policy. As the House knows, a strong Committee was appointed by the Secretary of State, which sat from May to December 1919. The Secretary of State and the Government of India decided to adopt the main recommendations of that Committee, and an announcement to that effect was made early in February last year. Looking back, it is easy enough to realise that the circumstances in which the new policy was launched were exceptional; currency conditions throughout the world were in a highly abnormal state, and even neutral countries, which had escaped much

The Currency Committee.

of the worst consequences of the war and had, indeed, increased their prosperity, had found it difficult to maintain their exchanges at par with the only country, the United States, where a free market in gold had been declared. In India we had to contend against a combination of particularly adverse forces. Just as the new policy was introduced, the London-New York exchange markedly weakened, with the result that the rise in the rupee exchange, required to give full practical effect to the Currency Committee's recommendations, was far steeper than any one could have anticipated. One must admit further that the conditions under which Reverse Councils were at first sold gave a powerful stimulus to the demand for remittance of funds from India to England, and aggravated the deficiency in the supply of exchange available to meet the demand. This deficiency, indeed, and the consequent great disparity betweeen the market rate and the 2*s.* gold rate, became so great that it would have been necessary for us to have sold Reverse Councils to an almost unlimited extent if the theoretical gold parity of the rupee could be made effective in practice. We have frequently been asked to explain how far the persistence in the selling of Reverse Councils on the system first adopted was due to our deliberate choice or how far the responsibility lay with the Home authorities. Particular emphasis has been laid on the failure to adopt the system of sale by competitive tender. I regret that it is not within the power of Government to answer these enquiries. It is sufficient to say that the situation itself compelled a change of system at the end of June, when it was decided to sell at a rate based, not on 2*s.* gold, but on 2*s.* sterling. We ourselves had hoped, and I think I can justly say that our expectations were shared by the majority of the commercial community, that the abnormal conditions, prevailing in most of the countries which are usually our customers, would before long improve. But as time went on, it became impossible to resist the conclusion that it would be unsafe to count on a return in the near future of the usual balance of trade in favour of India; and the gradual reduction which the prolonged sales of Reverse Councils had effected in the sterling resources available for the support of exchange made it incumbent on us to withdraw from the market. Since September last there has been no attempt on the part of Government to regulate the course of exchange, and with the withdrawal of the support afforded by the sale of Reverse Councils, the market rate has sagged from a level of about 1*s.* 10*d.* at the end of September to the present level of about 1*s.* 4*d.* It has fluctuated from day to day according to the supply of and demand for exchange, and, at a time of general slackness in foreign trade, it has naturally been particularly sensitive to the export and import of gold and silver bullion. That is the plain unvarnished tale: and if our efforts to maintain the Currency Committee's rate have so far failed, I maintain firstly that they were based on expectations regarding the course of trade which were at the time not unreasonable in themselves and were largely shared by commercial opinion in this country; and secondly that the causes which rendered it necessary to abandon those efforts were causes entirely beyond our own control. But I would ask the House to remember that I definitely told the Legislative Council last year that it was impossible to say what variations might take place in the rupee sterling exchange throughout the year. Ordinary commercial prudence should have led merchants to cover their exchange. Common commercial morality should at all events prevent those who desire to dishonour their contracts from pleading so unsubstantial an excuse as the failure of Government to make its policy good. I can imagine no severer blow to the international credit of India than that there should be a general movement on the part of some sections of her merchants to announce a policy of general repudiation.

Attempt to maintain exchange by sale of Reverse Councils.

8. I can imagine, however, honourable members feeling somewhat impatient at what they may regard as merely an apology for the obvious fact that Government is not infallible. What they probably desire to know is, what practical steps does Government propose to take to ameliorate the present trade position? Have we any plan which will restore exchange to the 2*s.* level? If not, what alternative policy have we in view? Do we propose to have the matter re-examined *de novo* by some fresh Committee or Commission? Have we, in short, any policy at all? I desire to say quite frankly to the House that in our opinion there is no practical step which Government can take at present which would put an end to the trade depression and to the general feeling of uncertainty now existing. If honourable members have followed what I have already said regarding the present inability of our customers to purchase our produce, and the highly abnormal condition of the world's trade and exchanges, they will realise that the factors which are responsible for the present

What is Government's policy for the future?

Impossibility of finding a radical cure at present.

position are such that no Government, whatever its resources, could possibly control, and that the problems which they present are of the kind for which no Committee, however expert, could be likely to propound an immediate or radical solution.

Within these limitations, we are, I need hardly say, anxious to initiate or join in any practical measures that can be devised to remedy the present ills from which India's foreign trade is suffering. For example, we have expressed our readiness to join in any practicable scheme that can be evolved for enabling those countries, whose financial position is at present embarrassed, to obtain sufficient credit to allow them to purchase the raw produce of which they are in need, and which India is eager to sell to them, provided that payment can somehow be arranged for. More than one scheme for the establishment of a system of international credits has been suggested in Europe. One of these, regarding which there has been a good deal of discussion, is that put forward at the Brussels Conference and associated with the name of Mynheer Van Ter Meulen, whose scheme, as amplified by suggestions made by Sir Marshall Reid, was recently referred by us to the Indian Chambers of Commerce. The latter have heartily welcomed any such scheme and we have expressed to the Secretary of State our readiness to participate in any practicable system of international guarantee. Whether that or any similar scheme can be put into actual effect depends upon the question whether certain practical difficulties, which are, I think, well known to those members who represent commercial interests, can be overcome. Should the efforts to do so be successful, then I anticipate that the scheme will be of some appreciable assistance to the export trade. But, save for measures such as this which, I fear, cannot at the best be regarded as more than palliatives, I am afraid that we can only wait upon events, and upon the efforts which are being made to put on their legs again those countries which in the past have been, and we hope also in the not distant future will again be, our principal customers.

Possible palliative in shape of scheme for international credits.

No cause for pessimism.

9. Nevertheless, I do not wish to conclude my remarks on the trade and exchange outlook on a note of pessimism. As regards imports, I think the position will before long cure itself. I understand that few new orders have been sent from India for some time, and it can therefore be only a question of time for the present stocks in India to be absorbed. I shall, indeed, be very surprised if the coming financial year does not show a very large decline in the aggregate amount of imports, and this in itself will of course help very largely to rectify the balance of trade, and thus in time to strengthen exchange. If we are blessed with a reasonably good monsoon next summer, there ought to be a sufficient surplus of foodstuffs in this country to allow of their export, and, as for other articles of export, it cannot be long before the stocks in America and elsewhere are sufficiently cleared to enable some at least of our customers to resume their purchases. What, however, is at the bottom of my refusal to be pessimistic as to the future is the fact that the present condition of India's trade is due almost entirely to factors external to India herself. Unlike many of the European countries, there is so far nothing inherently wrong in India's own financial, industrial or commercial position. There are, it is true, certain aspects of our finances in which, in common with all other countries, we still feel the effects and after-effects of war; but we are not in the unhappy state of many other countries, where the financial situation is such as to be only remediable at the cost of efforts and sacrifices which may extend over several generations. If this Assembly will join with Government in adopting all practicable measures to ensure a speedy restoration of the country to its normal financial health, then I think we shall be able to face the future in the confidence that India will be in a far better position than most other countries to extract the maximum advantage from that revival of world trade on normal lines which the present troubles in Europe are hindering but cannot indefinitely postpone.

India's own position inherently sound.

10. It would, moreover, be wrong of me to leave the House under the impression that India's general currency and exchange position has in no single direction shown improvement since the war. It is true that, owing to the public revenues having been for several years continuously insufficient to meet the expenditure falling on them, the State has been obliged to finance itself to a considerable extent by the issue of currency notes against its own notes of hand—when I come to speak of our ways and means difficulties I shall tell the House the extent to which we have been obliged to resort to this expedient in the current year. I fully admit that our currency can never be regarded as on a satisfactory basis so long as the fiduciary

Improvement in currency position.

portion of the note issue is to so large an extent backed by our own Treasury Bills created *ad hoc*. But that is only one side of the currency position. To measure the real improvement or relapse, I would ask honourable members to turn their minds back to the position which existed in 1918, and to some extent in the following year. Most members will have read, if they did not hear, the graphic account given by Lord Meston of the currency crisis of 1918 and the steps which were taken to save the country from the dangers of our note issue becoming inconvertible. At one time in that year the rupees in the Currency Reserve available for encashment of notes amounted to little more than four crores against a total note circulation of 115 crores. Throughout 1919 the position slowly improved, owing to the fact that the output of the mints was at last able to overtake the issues. The absorption of rupees was, however, still large, and the position this time last year was that we were still unable to contemplate any return to the free and unrestricted issue of rupees or encashment of notes at district treasuries throughout the country. But in the current year there has been a very substantial return of rupees from circulation, amounting up to the middle of February to about 24 crores. As soon as we saw, in June last, that the position of the note issue was sufficiently secure, we hastened to remove all the then existing restrictions both on the encashment of notes and on the internal movement of coin by rail. We have also been able to effect a contraction in the circulation of notes, the total circulation standing at present at 164 crores against 185 crores the maximum reached at the end of January 1920. The result is that the percentage borne by the metallic portion of the Currency Reserve to the total circulation is now no less than 53 as against 46 this time last year, and 35 on March 1st, 1919. In consequence, we no longer hear of currency notes going to a substantial discount, as compared with coin, as was the case a year or so ago throughout the country. Further we took the earliest opportunity of removing the restrictions on the import of gold into India and on the export of silver. The fact that we have been able to remove the restrictions on the movements of the precious metals, which war necessities had forced upon us and which still remain in most European countries, added to the great strengthening of the metallic portion of the currency reserve, is surely a matter for some satisfaction, for they are a necessary preliminary to any return to a sound currency system.

11. There may be some people who do not share this feeling of satisfaction at the large return of rupees from circulation and who would contend that our currency barque has only escaped the rocks of inconvertibility to be submerged in the whirlpool of redundancy. I would certainly go so far with those critics as to agree that the large return of rupees from circulation is a reflection of the slackness in internal trade, but I would join issue with them as to its significance. I suggest that the reaction is in every way a healthy one. Personally, I regard the ebb tide, which is flowing so strongly in most of the countries of the world, and from the influence of which India cannot expect to escape, as nothing more than the result of the natural forces which must always mark the transition from a higher level of prices to a lower. Already we see signs, not as yet, perhaps, very striking or dramatic, but unmistakeable in their tendency, of the long awaited break in prices, and I think we have some justification for feeling that we have at last reached and passed the summit. In spite of the poor monsoon, the price of food grains has on the whole appreciably decreased during the year ; in the case of rice the decrease has been over 25 per cent. while the very marked decline in the prices of commodities like hides, jute, tea, and cotton, hardly though it has pressed on merchants and holders of stocks must surely, if one takes a long view, be regarded as the indispensable prelude to a revival of trade on a new and lower level of general prices.

Necessary prelude to revival of trade.

Revenue and Expenditure in the current year.

12. If I have dealt at some length with the exchange and currency aspects of this abnormal year, it is not only because of their importance to the general well-being and prosperity of the country, but also because of their inevitable reaction upon our own revenues and expenditure. It was necessary, therefore, to clear the way before I could give the House an account of the public finances of the year and of our budget proposals for the coming year. I need to make two further remarks by

Complete separation of central and provincial revenues.

way of preface. As the result of the Reforms procedure, the Government of India's revenue and expenditure will from the end of the present month be entirely separate from those of the provinces. Although therefore in the current year the former division of revenue and expenditure between the provinces and the Government of India has remained, nevertheless my general remarks this morning, and the budget proposals which I shall lay before the House, refer solely to what will henceforth be called the Central Revenues. The only effect which the finances of the provinces have upon our own is the extent to which the net drawings on, or additions to, the provincial balances affect the ways and means position of the Central Government, who are the common bankers.

Accounts kept on a 2*s.* basis.

Secondly, I must explain that the budget for the current year as presented to the Legislative Council last March was framed on the old basis of ₹15=£1, which was of course out of all relation to the then existing conditions, with the consequence that the figures on both sides of the account were in many cases swollen to such an extent as to lose much of their reality, and I was obliged therefore in my budget speech last year to put in a good deal of somewhat technical explanation. I shall fortunately not have to trouble the House with any appreciable repetition of this, because with effect from April 1st last our accounts have been kept on a 2*s.* basis, and this has resulted in the disappearance of most of the artificialities in question. It is true that exchange stands now at considerably less than 2*s.*, but the average rate for the year is expected to work out to about 1*s.* 9*d.* and the difference between these two rates is very much less than the similar difference with which we had to deal last year. The House will understand therefore that when I speak of the current year's budget, and estimate the extent to which the budget anticipations will or will not be realised, I am speaking of the budget as recast on a 2*s.* basis; the figures as thus recast are given in the budget statements for purposes of comparison. Honourable members will also notice that in the budget statements the combined figures of revenue and expenditure for India and England together are now expressed in rupees and not in £ sterling as hitherto. This change has been adopted with the approval of the Secretary of State in the interests of clearness.

Current year's revenue deficit.

13. Now as to the facts and figures of the current year's revenue and expenditure. The budget anticipated a total revenue of 132 crores against an expenditure of 130 crores, *i.e.*, a surplus of 2 crores. The expenditure, however, included an item of $8\frac{3}{4}$ crores representing an appropriation from revenue for meeting the deficiency in the Paper Currency Reserve resulting from the revaluation of the sterling portion of the latter on a 2*s.* basis. It was subsequently decided (and the decision was embodied in the new Paper Currency Act passed at the last Simla session of the Legislative Council) to make up that deficiency in a different way, namely, by appropriating the income from the Paper Currency investments with effect from next year, and the appropriation of $8\frac{3}{4}$ crores, made for this purpose in the current year's budget, accordingly drops out. On the whole, therefore, if all our budget anticipations had been realised, we ought at the end of this year to show a surplus of $10\frac{1}{2}$ crores. In point of fact, present indications point to our working to a deficit of $11\frac{3}{4}$ crores. I will now describe how this large deterioration of 22 crores has come about.

Principal variations expected in current year's estimates.

14. In some directions our revenue is going to be much better than estimated, for under the two important heads of Customs and Income Tax there is likely to be a large improvement over the budget anticipations. We budgeted for a *Customs* revenue of $25\frac{1}{2}$ crores; actually, we expect to get no less than 33 crores, *i.e.*, an improvement of $7\frac{1}{2}$ crores, due, I need hardly say, to the abnormal causes which have led to a great rush of imports into India during the year. The revenue from *taxes on income* is expected to be 4 crores better than the estimate; $1\frac{1}{2}$ crores of this improvement relates to ordinary income-tax, 1 crore to super-tax, and $1\frac{1}{2}$ crores to arrear collections of the excess profits duty. Under these two heads, therefore, we expect an improvement of $11\frac{1}{2}$ crores. I now come to the other side of the picture.

Customs.

Income Tax.

Railways.

15. We expect the net receipts from *railways* to be some $7\frac{1}{2}$ crores less than the amount estimated. We naturally framed our budget on the supposition that the goods and passenger traffic would be such as one might expect if agricultural conditions were normal. In spite of the poor monsoon, our estimate of 84 crores for gross traffic receipts is not likely to prove very wide of the mark, for we now expect to get 82 crores. It is the working expenses of railways, which have been increasing month by month, that have been mainly responsible for falsifying our estimate of net receipts; the bulk of this increase is due to increases of pay given

to the railway staffs. The other items of worseness under civil revenue and expenditure are spread over a number of heads and aggregate some 11 crores. Of these, I need only refer to the adjustment for *exchange* which will amount to slightly over 2½ crores. The necessity for this arises in respect of what are known as our "home charges." These are brought to account at the equivalent of R10 to the £ sterling, although in point of fact, owing to the average rate of exchange throughout the year being somewhat less than 2*s.* (probably about 1*s.* 9*d.*), the actual number of rupees that we shall have had to send home to meet these charges will amount to more than the rupee expenditure shown in our accounts. We have of course to show the difference somewhere. In respect of our capital expenditure (railways, irrigation, Delhi, etc.) the difference is shown in the capital accounts, and does not concern us here. In respect of expenditure debitable to the revenue account the portion pertaining to the commercial heads, *viz.*, railways, irrigation works and posts and telegraphs is shown against the respective heads, and the balance is lumped together under the head "exchange"; thus, to give one example, our home expenditure this year, debitable to the military head, will be shown in our accounts as about 11½ crores of rupees, sterling having been converted into rupees at £1=R10, though actually the sterling charges will have cost us about 13¼ crores of rupees—the difference is one of the items making up the total of 2½ crores which I have mentioned. Exchange.

16. Altogether, then, the improvement of R11½ crores under Customs and Income Tax will be more than counterbalanced by a deterioration of R18½ crores under the other civil heads. It is excess military expenditure which is answerable for the remainder of the total deterioration of R22 crores in the budget anticipations, for we expect a total military expenditure of R70·4 crores against the budget provision of R55·2 crores. I hope that His Excellency the Commander-in-Chief or the Army Secretary will have an opportunity, during the course of the budget discussion, not only of giving a far more authoritative account than I can furnish of the precise objects to which our present military expenditure is devoted, but also of justifying to the House the scale of expenditure which the ordinary normal charges of our post-war Army involve. Meanwhile, I will confine myself to a brief explanation of the items composing the excess of R15¼ crores over the budget provision. Excess military expenditure.

17. That provision, as I have just said, was R55 crores. In my budget speech last year I explained that the detailed grants working up to the total figure had not yet been definitely settled. The disturbed conditions which still prevailed in India and the Middle East had rendered it equally impossible to obtain any clear assessment of our normal military liabilities in the future or to guarantee immediate reduction to any peace standard which it might be decided to adopt. I stated then that the provision which we were adopting was the least which could safely be inserted in the budget, and I warned the Council that if the operations on the frontier should continue into the present year, the provision proposed would not suffice. As the members of this House are aware, the events of the year have most unfortunately justified the warning which I gave. Active operations continued in connection with the closing stages of the advance into the Mahsud country. Further, as announced in August by His Excellency the Viceroy it was decided with the approval of His Majesty's Government that our military forces should remain in occupation of Central Waziristan. Finally, in November a new and unforeseen military liability was imposed upon us in the shape of fresh military operations in Southern Waziristan as a result of the hostile activities of the Wana Wazirs. The extra outlay arising out of this regrettable sequence of events was necessarily large; it was equally unavoidable. We had in the first place to retain in service and provide for the ordinary charges on account of the pay, rations, etc., of bodies of Indian troops additional to our contemplated post-war establishments, which would otherwise have been demobilised or disbanded. The second large item of cost is represented by the field service concessions which have inevitably to be granted while troops are engaged on active operations. To these must be added the cost of the ancillary services, such as Transport and Medical, required for the maintenance of the fighting troops, and the cost of the construction and maintenance of roads, temporary buildings and defences in the field. The point which I wish to make to the Assembly is that while the total military expenditure has been 70⅓ instead of 55 crores, there has been but a comparatively small excess over the budget figure on the ordinary expenditure of the Army. An analysis shows that of the excess of 15¼ crores 12 were due to the war operations Due to Frontier Operations or other war charges.

referred to, or to the delay in demobilization to post-war strength necessitated by those operations. 2½ crores were due to arrear payments in England on account of stores. We were therefore on the whole successful in keeping the ordinary expenditure on the army within the original estimate. I have only one remark to add; but it is an important one.

Cost of troops employed overseas is not borne by India.

I desire to remove once and for all the impression which still appears to prevail in many quarters that our military expenditure is swollen by charges on account of the Indian troops employed overseas in Mesopotamia, Palestine, East Persia and other places. The impression is entirely erroneous. Every item of expenditure involved by the employment of these troops overseas is borne by His Majesty's Government. Under the arrangements laid down by the Government of India, His Majesty's Government pay not only all the effective charges of these troops while they are out of India but also pay the cost of their depots in India, the cost of the leave granted to such troops when they return to India and a proportionate share of the cost of the administrative services of the Army in India together with a proportionate share of non-effective charges.

18. The net effect of all these variations, both civil and military, is shown below:—

		(Crores.)
Customs revenue more	+7·3	
Railways (inclusive of adjustment for exchange) worse		—7·6
Income-tax revenue more { Excess profits 1½; Super-tax 1; Income-tax 1½ }	+3·9	
Military expenditure more		—15·2
Profit on wheat purchases	+·9	
Exchange charged to non-commercial revenue heads		—2·6
Paper Currency Reserve interest less		—1
Interest charges on debt more		—2·5
Land revenue less		—1·4
Opium revenue less		—·8
Net revenue from posts and telegraphs less		—·8
Other variations, representing mainly increases in civil expenditure		—2·5
Net variation from budget		—22·3

Necessity for making both ends meet.

19. The House will be able to draw the obvious moral from the figures which I have just given of the excess of expenditure over revenue in the current year. Members will perhaps recollect that the deficit in the previous financial year, 1919-20, was ₹23 crores, due, I need hardly say, entirely to the Afghan War, and that in 1918-19 the deficit was ₹6 crores. These deficits, including that of the current year, have been, or are being, met either by increasing our floating debt, *i.e.*, by issuing fresh treasury bills to the public, or by issuing fresh currency notes against the security of treasury bills created *ad hoc*, *i.e.*, against our own I. O. Us. I feel confident that the House will agree with me that it is impossible to allow this process to proceed further. The path which the necessities of the war, and the chaotic condition of the world's trade and exchanges which followed the termination of the war, have forced us to tread, in common with all other countries though fortunately to a smaller extent, is a broad and easy one, but, if followed continuously, can only lead to national bankruptcy. Certain of the countries of the world have slipped so far down the hill of financial demoralisation that it needed the International Conference at Brussels to emphasise this elementary fact. It is true that India has sinned less than most other countries; it is also true that our recent deficits have in the main been due to war or warlike operations on our frontiers. But the fact remains that we have been outspending our income, and unless we take early

steps to make both ends meet we shall assuredly find sooner or later that, with our revenues mortgaged and our credit impaired, not only will there be no money for the development, moral and material, which India so greatly needs, but it will even be difficult to carry on the administration at its present level of efficiency. To retrace one's steps uphill is never a pleasant process, but it is a process which must be followed by every country which is determined to set its finances in order. I lay down two propositions as elemental and essential. In the first place we must either by decreasing our expenditure, or by increasing our revenue, or by a combination of both measures, make our accounts balance. In the next place, in so far as we are not able to fund our floating debt or a reasonable portion of our fiduciary note issue in our long-term loans, we must also direct our financial policy in such a way as to replace from revenue the deficits which we have been financing by the expedients which I have mentioned. For, camouflage the situation how it may, no country can continue indefinitely to live on its overdrafts; even worse is it to attempt to paper over the chasm between revenue and expenditure by the simple process of printing currency notes.

20. There is still something more to be said if I am to give the House a full and complete idea of our real position. In the first place, there is the effect upon central revenues of the Reforms system of finance; honourable members will be able to gauge this effect when I mention that if the new classification, which is to come into force on April 1st next, had been in existence in the current year, then, according to the budget estimates of revenue and expenditure, the provinces, after paying to the Central Government the contributions fixed by Parliament, would have had in the aggregate about 11 crores more revenue at their disposal, and, therefore, the Central Government 11 crores less. I do not wish to draw a picture of the Provincial Governments luxuriating in newly found riches; the extra revenues which they are about to receive have been, in the case of most provinces, to a large extent already hypothecated to the financing of the wholesale revisions of pay of all establishments and particularly subordinate establishments, which have been sanctioned during the past two years. My point is that, but for the new financial arrangements, those increases of pay could not have been financed at all, and it is upon central revenues, therefore, that the burden of doing so has really fallen.

Effect on central revenues of new financial arrangements with the Provinces.

Secondly, although no specified programme of reduction has been laid down, we are committed to the progressive reduction of the provincial contributions—an undefined but none the less certain liability on central revenues. The third point is rather more technical but I will endeavour to describe it shortly. Certain of our gains or losses by exchange are credited or debited as the case may be to the revenue account. (I have mentioned above that in the current year the direct debit to the exchange head will be slightly over $2\frac{1}{2}$ crores, besides which a sum of $1\frac{1}{2}$ crores will be charged to the commercial heads). Such revenue credits or debits do not, however, cover the whole field of our exchange gains or losses. During the course of each year our balances are continually being remitted one way or the other by what are called our "remittance" transactions (*e. g.*, Council Bills, Reverse Councils, recovery in London of expenditure incurred by us in India on behalf of the Home Government, and other similar transactions). In all such transactions there is a real gain or loss. During 1919-20 there was on the whole a gain; this was not credited to revenue but remained in suspense, the final credit outstanding at the end of the year being 5 crores. During the current year, however, the net loss, other than the loss which has been met from revenue or has been debited to our capital accounts, has been $23\frac{1}{2}$ crores and the net result is that during the year we shall actually have had to find from our balances about 18 crores. Sooner or later that suspense head must be cleared, and, save in so far as it may not be cleared by the accrual of direct gains in future years, it can only be cleared by appropriations from revenue. I do not propose any specific appropriation from revenue in the current year (over and above the loss on exchange which the revenue account already has to bear) because it serves no useful purpose to make a paper appropriation in a year which is already deficit; nor, for reasons which will be fully obvious to honourable members by the time I have finished this speech do I propose any specific appropriation in the coming year. But the fact that we have this uncleared head, and are committed to reduce the provincial contributions, must be borne in mind in discussing India's general financial position and the various liabilities which the revenues of the country will sooner or later have to bear. The problems which we shall have to face are not solely due to temporary and transient causes, such as the Afghan War or other military operations on the frontier.

Further liabilities likely to fall on revenue in the future.

BUDGET FOR 1921-22.

Revenue and Expenditure.

21. I have dealt with the past; now for the stage of the case at which the Assembly will take up its responsibilities, I mean the finances of the coming year.

Deficit of 18½ crores.

I estimate that the expenditure next year, chargeable to Central Revenues, will be 129 crores, against a revenue, on the basis of existing taxation and including the provincial contributions of 983 lakhs, which will amount to 110½ crores. I will give an explanation, as brief as possible, of the estimates which I have taken under the principal heads of revenue.

Estimates under principal heads.

I have already mentioned the abnormal situation in respect of imports, which has resulted in an inflated *Customs* revenue during the current year, namely, 33 crores as against a budget of 25½. We must certainly expect a serious slump before long, but the fact that it is quite impossible to gauge either its extent or the time when it will occur makes estimating difficult, and in taking a gross Customs revenue next year of 30¼ crores I feel that I am going as high as safety allows.

Customs.

Railways.

The next important factor is the *Railways*. Here while the gross traffic receipts have been steadily increasing, working expenses have increased at a far greater rate, and our net receipts for the past two or three years have been steadily diminishing. After taking a very liberal estimate of 87 crores for gross traffic receipts and nearly 60 crores for working expenses (inclusive of payment of surplus profits) I estimate net receipts of about 27 crores, as against 26 expected in the current year and 31½ actually received in 1919-20. We estimate gross receipts from *taxes on income* of about 18½ crores inclusive of assignments from Provincial Governments in respect of their share of income-tax revenue; we have allowed for a reasonable amount of growth in revenue but have been obliged to make some allowance for the present trade depression.

Taxes on Income.

22. As for expenditure, I need hardly assure the House that, in view of the deficit we have anyhow to face, we are making provision for ordinary civil expenditure on the lowest possible scale. I have been obliged to ask those of my Honourable Colleagues who are in charge of the spending departments to forego new expenditure on objects which I know they have much at heart, and I am sure they will bear witness to the ruthless pruning to which their own budget estimates have been subjected by my Department. I can only express my gratitude to them for agreeing to postpone, perhaps against their better judgment, the many schemes for which they had asked for funds. I know the misgivings they feel as regards the effect which some of these economies will have upon the efficient working of their departments.

Civil Expenditure.

A budget of economy.

23. But while we have avoided all fresh civil expenditure as far as this was humanly possible, there are two items for which it was necessary to make some provision, and which require some explanation. I feel very strongly that the time has come when, whether convenient or not, we must no longer delay making some provision for meeting our heavy war indebtedness. As the House knows, we have a large amount of War Bonds maturing between now and 1930, all of which will have to be met on maturity and for which we have provided no sinking fund. Our policy so far has been to endeavour to fund in one or other of our longer loans as much of this short-term debt as possible, and also a portion of our outstanding Treasury Bills (the amount of which is much too high for safety) and to trust to the ways and means resources of the time to meet the remainder of such bonds as they fall due. Unfortunately, owing to the large amounts which we have been obliged to borrow, both our long-term loans, namely, the 5 per cent. loan of 1929—47 and the 5 per cent. income-tax free loan of 1945—55, are now at a very large discount, and if we are to get any substantial portion of our War Bonds and Treasury Bills converted into these longer loans it is imperative that we should do our best to rehabilitate them. That is one consideration; another is the obvious desirability of providing for the amortising of these two longer loans when they fall due, instead of leaving the entire burden to our successors. Each of these two loans has what is called a "depreciation" fund of 1½ per cent. of the total issue of the loan, which is used each year to purchase and cancel scrip. These funds, however, are insufficient to amortise the two loans completely by maturity, nor are they large enough for the annual purchases to make an appreciable

Sinking fund for long-term loans.

impression upon the popularity of the loans. I propose therefore, with effect from next year, to set aside a further sum of 80 lakhs, to be devoted to supplementing these two depreciation funds. The result should be to enable us to amortise these loans by maturity. I do not think I need say more in justification of this proposal; I feel that I ought rather to apologise for its meagreness. The position is one which must be viewed with all seriousness; we ought really to set apart from revenue some provision for the direct repayment of our short-term bonds, the repayment of which handicaps us in providing funds for railways and other capital purposes. It is only because I do not wish to add to the difficult problems which the House already has to face in the way of finding additional resources that I refrain from proposing a much more heroic measure.

I know that there is a feeling in the country that something should be done for the holders of our 3 and $3\frac{1}{2}$ per cent. paper, large numbers of whom are people of very moderate means, whose holdings have suffered serious depreciation owing to the raising of large loans in recent years at increasingly high rates of interest. I regret that I do not see how any concession can at present be made to these people, with due regard to the higher interests of the taxpayer. Assuming, as I think the House will agree we must, that we can afford no more than the sum I have mentioned for the purpose of rehabilitating our credit, then the question is one as to the way in which that sum can be spent to the best advantage. If devoted to the granting of some concession to the holders of 3 and $3\frac{1}{2}$ per cent. paper, its effect in assisting the country to meet the many financial difficulties in front of it will be negligible. If spent in improving the position of these two terminable loans, and in helping to provide for their repayment at maturity, its effect should be material.

Exchange.

24. The other item of expenditure which I must mention is the entry of 5,42 lakhs for the adjustment on account of exchange, of which 3,28 lakhs are shown against the head "exchange" and the balance is distributed among the commercial heads. I have already explained the nature of this entry in my remarks regarding the corresponding item in the current year's accounts, and I need only add here that this loss is based on an average rate of exchange for next year of 1*s.* 8*d.* He would be a very rash person who would make any prophecy as regards the course of exchange next year, but it is necessary for the purpose of the budget programme to make some rough assumption as to the level at which exchange is likely to stand, taking the coming year as a whole. All I can say, and I hesitate to commit myself even to this, is that present probabilities point to exchange remaining low during the first half of the year, but that, if we have a good monsoon, then it is not unlikely that there will be a substantial recovery during the second half. If the average rate works out eventually at less than 1*s.* 8*d.*, then I fear that the deficit will be still further increased. If, on the other hand, the average rate is higher, then, for reasons which I hope will be clear from what I have said regarding the necessity for replacing some of the losses which have so far been met by issuing Treasury Bills, I do not think we should make any deductions in the debit to revenue; in other words, I propose that we should commit ourselves to a definite appropriation of a minimum amount of 5·42 crores on account of exchange.

Military Budget.

25. I have left to the last the item which looms largest in our expenditure heads—the provision for Defence. The budget provision for next year has been taken at 62·20 crores. I divide this for the present purpose into ordinary and extraordinary expenditure. It is not proper that we should leave to chance, or in other words should meet from overdrafts, military expenditure which we know to be inevitable. We cannot budget for war; but we ought not to exclude from our budget items to which we are definitely committed, even though they are not of a permanent nature. For this reason I have included 4 crores of extraordinary expenditure, 3 crores representing the continuance of the special expenditure entailed by the occupation of Central Waziristan and 1 crore representing a provision for another special liability, namely, the grant of compensatory concessions to troops disbanded under certain proposals for reduction of establishments which I shall mention later. If there are any savings in such extraordinary provision, they will not be available for increasing the ordinary military budget, but will go towards the general surplus. The balance, 58·20 crores, represents the provision required in 1921-22 for the ordinary charges of the army in India. The figures for military expenditure will, I hope, be justified to this House by His Excellency the Army Member. Meanwhile it is proper that I should inform the House what this figure of 58·20 crores represents. When we budgeted last year, we had no standard or

accepted strength of the army or its attached services. The pre-war standards had gone by the board; nor were the conditions on the frontier and elsewhere then ripe for the drawing up of a definite scheme of post-war strength either of combatant or attached services. We have been busily engaged on this problem ever since; it is a problem on which not only the Army but the civil portion of the Executive Government has bestowed anxious and unremitting labour. I doubt if there has ever been a time in the past when military expenditure and the policy underlying it has been subject to a more complete and drastic scrutiny. The actual combatant strength for the post-war Army at which we arrived last summer is actually somewhat lower than that of 1913-14. It is for that strength that we have provided in the budget and it is because there will be no inconsiderable reduction of personnel under this scheme that I have found it necessary to make a provision for the grant of concessions to troops which will be disbanded. While, however, we are reducing combatant strength, reduction of expenditure on this score is counterbalanced to some extent by increases in other directions. We have firstly the creation of new services such as the Royal Air Force and Mechanical Transport, and secondly developments and organization required for the purpose of securing a proportion which the present day military opinion considers essential as between the auxiliary services of the army and the fighting troops. I need not say that the provision made is entirely for our own troops. There is nothing in our budget for troops maintained for overseas garrisons or warlike operations overseas, nor for depots necessary to maintain their strength; but it will be no secret to the House that the rate of cost of army services has risen even since last year and the effect of this on the budget of 1921-22 is reflected in the fact that we have had to provide a sum of no less than 1,29 lakhs to cover the cost of certain recommendations of the Esher Committee for enhancing the pay and amenities of our troops, of which 83 lakhs will be spent on the Indian officer and soldier. We have also had to provide for the grant of certain allowances to British soldiers recently authorised by His Majesty's Government for British soldiers in general.

Efforts made to secure economy.

26. The total of 58·20 crores at which we have arrived and which is based as I have said on the post-war strength arrived at last summer represents the minimum sum which we have been able to put forward: I may say that the military authorities originally pressed for and have been denied a very much higher figure than that now placed in the budget. I freely admit that that figure even so is a much higher one than the Government of India can contemplate with equanimity on financial grounds. But we have arrived at the definite conclusion that it was impossible to take a lower figure without a further considerable reduction of establishments both in the fighting units and in the auxiliary services. There were two obstacles to making such reductions. It must be remembered that the responsibility for the safety of India rests on His Majesty's Government no less than on ourselves. It is His Majesty's Government which would come to our assistance with the Imperial Forces if we were hard-pressed in this country, and that Government could not be prepared without the most careful examination to agree that in the present state of affairs in Central Asia, with matters standing as they do between ourselves and our immediate neighbour on the North-West, and indeed in view of certain factors within India itself, a further reduction of our fighting forces is justifiable. In the second place, it must be noted that with regard to British troops at all events we are in a semi-contractual relation with His Majesty's Government, which cannot be terminated at short notice. His Majesty's Government have made it clear to us, and we have been obliged to accept that conclusion as reasonable, that they could not be expected to bear the cost of British troops transferred at short notice from the Indian to the Home establishment. To meet both these obligations, it has now been decided by His Majesty's Government that an investigation shall at once be undertaken regarding the combatant strength of the army in India by a Sub-Committee of the Committee of Imperial Defence. The Home Government has agreed that before we forward to London the material for which we have been asked in this connection, the matter shall be dealt with by a Committee of the Executive Council on which of course some of my Indian Colleagues will sit with power to take evidence including that of non-officials. That is how the matter now stands. I ask the House to take it from one who feels no less concern than they must do at this steady growth of our military expenditure, from one whose every instinct has been to seek economy in this respect, that no effort has been spared, that no avenue has been left unexplored in order to keep the budget figure of the present year within its lowest bounds. Let me further assure the House

that the financial authorities have in the past year made every effort so to reorganize the machinery which deals with the finances of the army that they may have in their hands the very fullest sources of information and the fullest powers of control. Among other measures, a body of expert Accountants from one of the leading firms in England is now touring India with the object of introducing in all army supply departments a system of commercial costing accounts such as was adopted with excellent results in the United Kingdom during the Great War: and finally we have endeavoured to fulfil our obligations towards this House by presenting the army estimates for 1921-22 in a new form. Though the military grant is not itself votable, we have thought it right to give the complete details both of strength and cost, following in this respect the form adopted by His Majesty's Government on the recommendations of the Select Parliamentary Committee on National expenditure. I hope that the Assembly will appreciate the great advance that this represents.

27. Taking now all the items of expenditure together, they will amount as I have said to 129 crores leaving on our estimates a deficit of R18 crores. I think our financial arrangements should be directed to obtaining a surplus of not much less than R1 crore. That was the surplus at which former Finance Members have always endeavoured to aim, and at the present time, when it is by no means certain that we have got to the end of increased expenditure in regard to the pay of the lower grades of public servants, and when moreover there are so many elements of uncertainty in the revenue outlook for next year, I feel that the dictates of ordinary prudence render it all the more necessary not to unduly diminish this margin. The total new resources which it will be necessary to find will thus amount to slightly above R19 crores.

Additional revenue required.

28. Before I proceed to explain the measures of increased taxation which I propose in order to produce the above sum I must anticipate a question which I think may have arisen in the minds of many honourable members. I can imagine a member, who has done me the honour to follow what I have already said, putting the case to himself somewhat as follows:—"I realise that the new classification of revenue and expenditure under the Reforms Scheme has resulted in the revenues assigned to the Central Government falling considerably short of the expenditure which those revenues have to bear. I was under the impression, however, that, in order to make good that deficit, Parliament on the Report of the Meston Committee decided that contributions amounting to nearly 10 crores should be taken from the provinces. Why then this sudden and large deterioration in the position of the Central Government?" Some of my preceding remarks will already have suggested to the House the explanation for this deterioration in the outlook as appreciated by everyone a year ago. It will probably however be useful to members if I summarise briefly the principal variations which have led to it. I have mentioned that the deficit to be faced next year is $18\frac{1}{3}$ crores. Omitting the estimated expenditure necessitated by the occupation of Waziristan and by demobilisation concessions, the net deterioration in the position as envisaged by the Meston Committee is about 14 crores. This is the resultant of the following factors:—

Causes of deterioration in position as envisaged by Lord Meston's Committee.

	Crores.
(*i*) Loss of interest receipts (owing to the earmarking of interest on Paper Currency Reserve investments to the discharge of Treasury Bills issued to the Reserve to cover the loss from revaluation of sterling holdings in it).	3·1
(*ii*) Falling off in net revenue from Railways and Posts and Telegraphs (which may be taken as representing mainly the cost of increases of pay of superior and subordinate staff).	7
(*iii*) Increase in interest charges (while formerly the bulk of our investments of the Paper Currency Reserve was in British Treasury Bills, on which we received interest, the bulk of investments now is in the form of Indian Treasury Bills, the interest on which is earmarked for a definite purpose).	2·5
(*iv*) Loss by exchange on expenditure on revenue account in England (inclusive of expenditure on commercial services) owing to exchange falling below 2*s*.	5·4
(*v*) Increase in military expenditure (present estimate exclusive of special expenditure referred to above is R58·2 crores against R55·2 crores adopted by the Meston Committee)	3
(*vi*) Loss of net opium revenue (demand for our opium has recently declined) .	·7
(*vii*) Constitution of sinking fund for our long term loans	·8
	22·5
Partly set off by increase in Customs and Income-tax revenue and other minor variations.	8·5
	14 crores.

I think that it is fair to say that no one who considered the matter a year ago could have had any reason to apprehend any such deterioration in the position. The developments which have led thereto have in the main arisen within the past 9 or 10 months ; I refer more particularly to the fall in exchange and to the enormous increases in pay which circumstances have since then forced on us. I do not imply that those who thought about the matter were entirely confident that the anticipations upon which the Meston Report was based would be fully realised ; but most people were probably moved by two important considerations. In the first place, there was the obvious necessity, in the interests of the success of the Reforms Scheme, to give the new Provincial Governments as generous a start as possible. Secondly it was a commonplace that the heads of revenue retained by the Central Government were mainly, not only heads of growing revenue, but also those in respect of which there was undoubtedly a substantial margin for increased taxation, which was much less the case with the heads of revenue given over to the provinces.

Proposals for additional taxation.

29. We have now to obtain from central revenues an additional sum of 19 crores. The first additional source of revenue available is Customs. I think that the House will agree that the existing tariff heads are such that, in the case of most articles, both the trade and the consumer can undoubtedly bear some increase. The tariff proposals to which I shall ask this House to agree, and which are contained in the Finance Bill which I shall ask your leave, Sir, to introduce this morning, are as follows :—

8 crores from Customs.

(1) In the first place, we propose to increase the general *ad valorem* duty of $7\frac{1}{2}$ per cent. to 11 per cent., except in the case of matches and of certain articles of luxury which I shall mention later, but inclusive of cotton manufactures. I estimate that this measure will produce an additional revenue of R3,84 lakhs. We do not propose any increase in the existing cotton excise of $3\frac{1}{2}$ per cent. In view of the previous discussions upon this matter, which must be well known to all honourable members, we felt it our duty to make a previous reference on the subject to His Majesty's Government. We did not, indeed, anticipate that there would be any question of vetoing our proposals, in view of what the Secretary of State said in the House of Commons when the Government of India Bill was under discussion, and also of the recommendation made in the Joint Select Committee's Report, that in fiscal measures such as this the views of the Government of India, if they succeed in carrying with them the approval of the Indian legislature, should be entitled to prevail. We felt, however, that, in view of the very great trade depression in England, which is far worse than anything which now obtains in India, it would not only be desirable, but our duty, to make clear to His Majesty's Government, on behalf of India, that our proposals for increasing the import duty on cotton goods, among other articles subject to the general tariff, had the sole object of producing additional revenue and had no ulterior motive of a protective or any other kind. Nay, I will go further and say that it would ill-become this country, at a time when the senior partner of the Empire, upon whom fell by far the severest burden of the war, both in blood and money, is anxiously endeavouring to face the most acute problems of unemployment and trade distress, to requite the services which Great Britain has rendered to the rest of the Empire, including India, by taking the first opportunity to introduce a measure of protection against her manufactures. We made it clear therefore that it is solely our financial necessities, and no new departure of fiscal policy, which have obliged us to propose to the legislature this particular measure. We trust that our fellow-subjects in the United Kingdom will appreciate this and will acquit the Indian Government and legislature of any desire to use their newly conferred liberty of action to injure the country which only a year ago conferred that liberty upon them. It would, indeed, be manifestly impossible for this Government to initiate any fundamental departure in fiscal policy at the present juncture. At present our tariff is purely a revenue producing tariff which, whatever may be its effects here and there on any particular trade, is admittedly not devised with any object other than that of revenue. We feel confident that not only this House, but also the country at large, would hesitate, and very properly hesitate, to commit themselves to any fundamental departure until the whole question of India's fiscal policy has been thoroughly and

Increase in general *ad valorem* duty from $7\frac{1}{2}$ to 11 per cent.

No increase in cotton excise.

exhaustively examined by a competent and impartial body. We feel, however, that the time has now come when that examination should be begun; we feel further that this examination should not be confined to India's own fiscal needs, but should embrace an enquiry into the steps which India can take in order to recognize her fiscal obligations to the other members of the Empire of which she is a part. We have been in correspondence with the Secretary of State and an announcement on the subject has been made this morning.

I do not propose to obtain any increased revenue from the articles now dutiable at 2½ per cent. *ad valorem*. The principal of these are machinery, metals and railway plant, and the House will probably agree that in the interests of India's industrial development increased taxation on these articles is undesirable.

In view of my proposal to raise the general *ad valorem* rate from 7½ to 11 per cent., while leaving the cotton excise duty at its present figure 3½ per cent., I propose to withdraw the concession allowed by the existing tariff by which machinery and stores imported for use in a cotton spinning or weaving mill are admitted free of import duty. I propose that such articles—they are detailed in items 17, 18, 19 and 27 of the import tariff schedule—should now be subject to the appropriate duty under the revised schedule. Most of them, certainly most of the important articles, will be liable to duty at 2½ per cent. I think that honourable members will agree that the removal of this concession is reasonable. The concession was granted when an excise duty was imposed on piece-goods made in this country equal to the duty on imported piece-goods. It was obviously unfair that the Indian millowners should be handicapped against the English manufacturer by having to pay not only this excise duty but also duty on the machinery and the stores which are required from the United Kingdom. But there is so material a difference between the rate of the cotton excise duty and the rate which I propose on imported piece-goods, that it is no longer necessary to continue this concession. I estimate that the withdrawal of the concession will yield a sum of 10 lakhs of rupees. It will also be a great administrative convenience since the concession throws a great deal of extra work upon our customs staff.

Specific duty on matches.

(2) The second Customs measure which we propose is the levy on matches of a specific import duty of 12 annas per gross boxes in place of the present *ad valorem* duty of 7½ per cent. This rate would work out to one pie per box of matches, and if, as I hope, there is no substantial decrease of consumption as a result, I estimate the additional revenue at ₹1,10 lakhs. I may point out to the House that the duty in the United Kingdom is 5*s*. 2*d*. per gross boxes, while in many other countries it is considerably higher.

Increase of duty on liquors.

(3) Thirdly, we propose to increase the duties on imported liquors as follows :—

	Present duty.			Proposed duty.		
	₹	*a.*	*p.*	₹	*a.*	*p.*
Ale, beer, cider, etc., per gallon . . .	0	4½	0	0	6½	0
Liqueurs, untested, per gallon . . .	14	10	0	25	0	0
Liqueurs, tested, per proof gallon . . .	11	4	0	18	12	0
Perfumed spirits, per gallon	18	12	0	30	0	0
All other spirits, per proof gallon . . .	11	4	0	18	12	0
Wines—						
(*a*) Sparkling per gallon	4	6	0	9	0	0
(*b*) Other sorts per gallon	1	12	0	4	8	0

The new rates work out to exactly 3 annas per degree of proof per gallon. I do not propose that we should raise the 7½ per cent. duty on denatured spirits which are used in several forms of industry. Allowing for some reduction in import as a result of the higher duty, I estimate that the above increases will yield additional revenue to the extent of 94 lakhs.

These duties as raised will still be substantially lower than the duties levied in the United Kingdom. We have come to the conclusion, however, that for the

present any attempt to go substantially higher would probably not yield any further revenue and might in fact yield less. I may remind the House that the present high scale of duties on alcohol in the United Kingdom was not arrived at *per saltum* but worked up to by a series of increases spread over a number of years.

Duty of 20 per cent. on certain articles.

(4) The fourth measure is the raising of the general *ad valorem* duty of 7½ per cent. to 20 per cent. in the case of certain articles of luxury, such as motor cars, motor cycles and tyres (excluding lorries), silk piece-goods, fireworks, umbrellas, clocks and watches, musical instruments, cinematograph films, etc., a full list of which is given in the Finance Bill which I shall shortly introduce. The additional revenue from this measure is estimated at ₹1,14 lakhs.

(5) The fifth customs measure is the raising of the present import duty on foreign sugar from 10 to 15 per cent.; I estimate the additional yield at 65 lakhs.

(6) Sixthly—and this is the last of my tariff proposals—I propose that the duties on tobacco, other than unmanufactured tobacco, be increased by 50 per cent. In other words, I propose a duty of ₹2-4 instead of ₹1-8 per lb. on manufactured tobacco, and 75 per cent. instead of 50 per cent. *ad valorem* on cigarettes and cigars. After making some allowance for a probable decrease in consumption next year, I estimate that this measure will produce an additional revenue of 40 lakhs.

Any proposal to enhance the tobacco duties usually raises the question of a tobacco excise. An excise duty on manufactured cigars has been considered from time to time, and has in the past been the subject of some discussion with the Secretary of State. On the last occasion it was held that an excise on cigars was undesirable as it would almost certainly damage the cigar industry in Madras, and involved moreover considerable practical difficulties in collection. We have again considered the matter but feel that we might possibly damage what is to a large extent a cottage industry, and a source of livelihood to many people in Southern India, and that in any case it is very doubtful whether in view of the amount likely to be obtained and of the practical difficulties in the way the matter is worth pursuing. I admit that there is much more to be said for an excise duty on machine-made cigarettes. The industry is prosperous and an excise duty of 8 annas per 1,000 cigarettes would probably bring in some 10 or 15 lakhs. In favour of the proposal it might also with considerable justice be urged that, if the duties on imported tobacco are increased by 50 per cent. while tobacco manufactured in India is left untouched, the whole of the increase will be borne by that small section of the populace which buys the imported article, and the rest of the tobacco users in India will escape altogether. I admit the force of this argument, and previous discussions have shown that the proposal, unlike that for an excise on cigars, is quite practicable. Our view, however, is that an excise tax on Indian made cigars being impracticable, an excise tax on Indian made cigarettes will be open to the objection that the poor man's smoke is being taxed and not that of the comparatively richer European or Indian whose smoke is an Indian cheroot.

5½ crores from railways.

30. I now come to the question of the income derived by the country from its immense and valuable railway estate. It is probably no news to the House that the net income from railways, after allowing for interest charges, has recently in spite of a steady increase in gross traffic receipts, been decreasing. In the year before the war the net profit to the State, after defraying all interest charges and paying to the managing companies their share of the surplus profits, came to 7·19 crores. During the war working expenses were abnormally low, mainly owing to the fact that material for replacements and renewals could not be obtained from abroad. In 1916-17, therefore, the net profit rose to 11·22 crores, and in 1917-18 and 1918-19 to 14·87 and 15·85 crores respectively. With the return of more normal conditions, the profit has considerably decreased; in 1919-20 it fell to 9·35 crores, and in the current year it will probably be no more than 5·08 crores. On the basis of our estimates for next year, and assuming that no change be made in the rates, the profit would be only 4·09 crores. I submit therefore that, quite apart from our present financial necessities, a moderate increase of rates, particularly on goods traffic, the rates for which are mostly still on a pre-war basis, could be amply justified on business grounds. It is not possible, however, to readjust the various rates in time enough to give us the money we need during the next financial year. In the case of goods rates, it is a particularly cumbrous business, and requires very careful consideration in consultation with our traffic experts and with the railway companies. We have asked the Railway Board to examine the matter carefully during the course of next year in order to see what enhancements of rates are

possible. Meanwhile, as a temporary measure, we propose to make a substantial increase in the surcharge on goods traffic which was imposed in 1917. The existing rates are 1 pie per maund on coal, coke and firewood and 2 pies on all other goods. We propose to substitute the following rates :—(1) 6 pies per maund on coal, coke, firewood, food grains and fodder; (2) 2 annas per maund on certain valuable commodities which can bear a high rate of tax, such as piece-goods, pressed cotton, jute and ironware, timber and oils; (3) 1 anna per maund on all other articles of general merchandise not falling within those two categories. At present there is a free zone for goods carried 10 miles or less, which we propose to extend to 20 miles.

The existing surcharge is small and is probably not felt appreciably by the traffic. I fully recognise that any substantial increase must have a somewhat uneven incidence, as the surcharge has no reference to length of journey and its effect is practically the same as a terminal tax. The increase now proposed is therefore intended to be in temporary substitution for a general increase of goods rates. In the event of it being found possible before the end of the year to raise the latter to the necessary extent, such increases will be substituted next year for part or whole of the additional surcharge now to be imposed. We anticipate that the additional revenue so obtained will amount to approximately $5\frac{1}{2}$ crores.

$2\frac{1}{4}$ crores from increased postal rates.

31. The remarks which I have just made, regarding the justification, as a business proposition, for an increase in railway rates, apply with somewhat greater force to the case of our postal rates. It has not hitherto been easy to say precisely what we are making or losing over the administration of our post offices, as our general accounts do not show as debits or credits to the Post Office certain items of expenditure and revenue which, if the accounts were kept on a strictly commercial basis, would appear therein; the administration report of the Department does, indeed, attempt to work out the profit and loss, but we cannot place too much reliance on the figures. (I hope to remedy this before long, as I have made arrangements with the firm of chartered accountants in London of whom I spoke above to overhaul our Post and Telegraph accounts.) Meanwhile, it is at any rate safe to say that our net revenue from the Post Office has been steadily diminishing, owing to the very large growth in working expenses mainly due to increased pay of the staff, and that next year the Postal Department will, unless the charges we make to the public for postal services are raised, actually be running at an appreciable loss. I propose the following measures :—

(1) Abolition of the half-anna postage for letters, the charges in future to be one anna for letters not exceeding $2\frac{1}{2}$ tolas in weight, and half an anna for every additional $2\frac{1}{2}$ tolas.

(2) Raising to half an anna the quarter-anna postcard.

(3) Rate for book, pattern and sample packets to be raised from half an anna for every 10 tolas to half an anna for every 5 tolas or fraction thereof.

(4) At present the initial rate is $\frac{1}{4}$ anna for registered newspapers not exceeding 8 tolas in weight, and $\frac{1}{2}$ anna for papers not exceeding 40 tolas. I propose that the maximum weight to be carried for a quarter of an anna be reduced to 5 tolas, and that for half an anna to 20 tolas.

(5) I do not propose any revision in the parcel postage rates which were revised as recently as May 1919. It is true that if we raise the initial charge for the letter from half to one anna for $2\frac{1}{2}$ tolas, it is somewhat anomalous to carry a parcel not exceeding 20 tolas in weight for 2 annas; but in view of the revision made 18 months ago and of the fact that the matter is one of great importance to small industries, we believe that it would be a mistake to revise the parcel rates again so soon.

(6) Raising of rates of commission charged on inland money-orders to the level of those in force up to 1902.

The net result of the above measures will probably be an increased revenue of $2\frac{1}{4}$ crores. I fully appreciate the objections which I know that the House will feel to altering the present postal rates, and personally I shall be very sorry to see the pice postcard and the half-anna rate for letters abandoned. Cheap postal communications are of the highest importance to this country, and there is no doubt that the fact that we have probably the cheapest postal service in the world has been of immense benefit in aiding the country's progress. Further, it might be argued that it is not fair to consider the postal service apart from the telegraph service, as the two form one Department. Owing to the fact that our inland telegraph rates are now

decidedly high, having been deliberately raised in order to enable the Department to cope with the immensely increased traffic, it is possible that the combined Department may show some profit, though I should not be willing to affirm this definitely until we get a true costing account. But the claim may be made in some quarters that, so long as we are not showing a proved loss on the combined Department, the justification on business grounds for raising the postal rates does not hold good. To such arguments I have only one reply, and that is, financial necessity. Postal rates as cheap as they are at present are a luxury which the country can no longer afford.

3¼ crores from income-tax and super-tax.

32. The increases of taxation which I have so far mentioned should in the aggregate, if nothing untoward occurs, yield an additional revenue of 16 crores. To obtain the remainder it will be necessary, if we are to avoid an increase in the salt duty, to resort to increased direct taxation, namely, an increase in the present taxes on income. As regards ordinary income-tax, an examination of the figures shows that, even if it were not undesirable to do so, we should not obtain much additional revenue by raising the present rates of tax on the smaller incomes. We propose therefore to leave the lower grades of income-tax alone, and to increase the upper grades so as to work up to a maximum of 16 pies instead of 12 pies as at present. The result will be to increase substantially the tax on companies' dividends, for under the income-tax law the tax is levied on dividends at the maximum rate, subject to certain refunds. I am afraid it would not be practicable, however, to give any concession to companies, for it is from the latter that most of our income-tax proceeds is realised. As regards super-tax on individuals we propose to increase the rates on the higher grades of income so as to work up to a maximum of 4 annas in the rupee on any excess over 3½ lakhs of income. The Finance Bill, which will be in members' hands this morning, will show the exact scale of the new grading. We estimate that the increases in income-tax and super-tax combined will yield a total additional revenue of 3¼ crores.

33. The total yield of the additional taxation which I have proposed will amount to ₹19,17 lakhs, the deficit of ₹18⅓ crores for 1921-22 being thus converted into a surplus of 84 lakhs. While my other proposals, if accepted by the Legislature, will have effect from the 1st April, the revision of the Customs tariff will come into force from to-day, and the additional revenue during the current year which is estimated at ₹70 lakhs will go to reduce to that extent the deficit of 11¾ crores which we anticipate in the current year.

WAYS AND MEANS.

(A) Current year.

34. There are many Members of the House who will no doubt consider the statement of our revenue position and our proposals for taxation as of primary importance. But I must, in the interests of those who desire to appreciate the whole financial position, detain the House while I refer to our ways and means position and to our capital expenditure. First, as to the current year. Very briefly, the position in the current year, taking the figures on a 2*s.* basis, is that we anticipated that we would have to meet liabilities, either in India or in England, to the extent of slightly over 46 crores, of which the most important were a railway capital expenditure of 19 crores (after allowing for a gain of 3½ crores from exchange), 19¼ crores for repayment of the 1920 War Bonds, and drawings by the provinces upon their balances to the extent of 6 crores. We expected to finance this by drawing on our opening balance to the extent of 12 crores, raising a loan in India of 15 crores, a credit of 10½ crores from the disposal of war stores and another of 8 crores from exchange gains, and various miscellaneous receipts aggregating about 11 crores in all. We hoped that these resources would not only be sufficient, but more than sufficient, to meet the above-mentioned liabilities, and that we should be able to reduce our floating debt, in the shape of treasury bills issued to the public, by some 10½ crores.

Increased liabilities.

Actually, our liabilities have amounted to 96 crores; our railway capital expenditure has been some 25 crores (owing to the difference in the rate of exchange at which the sterling outlay will now be brought to account), and, further, we have discharged not only the whole of the 1920 War Bonds, but some 9 crores of the 1921 Bonds which were accepted in payment of the 6 per cent. loan issued this year. In addition to what may be called the above more or less normal transactions, we have, however, had to finance from our ways and means resources a heavy loss due to the sales

of Reverse Councils. In order to meet the Reverse Councils sold by us, which since the 1st April have amounted to £31 million, the Secretary of State has had to withdraw and realise a large amount of the sterling securities held in the Paper Currency Reserve. These were of course originally valued on a 1*s.* 4*d.* basis, and the net result has been a loss of some 17 crores in the course of the current year ; added to which, a further loss of 2½ crores resulted from our selling Reverse Councils at a rate above 2*s.* These and other losses which have resulted from our remittance transactions are at present held in suspense, but as I have already mentioned, will sooner or later, except in so far as they may be reduced by a demand for Councils at above 2*s.*, have to be met from revenue. As already stated, the Imperial surplus of 2 crores anticipated in the budget has been converted into a deficit of 11 crores. Even, therefore, with a large increase over the expected loan receipts (30 crores against 15), our resources have fallen considerably short of our requirements, and we have been obliged to resort to the temporary expedient of supplying the gap by a further issue of currency notes backed only by our own securities, *viz.*, treasury bills created *ad hoc*. This issue of unbacked notes has during the current year so far been to the extent of 32¾ crores, apart from the issue of 18½ crores made in October last in accordance with the recent Paper Currency Legislation to cover the deficiency in the revaluation of sterling holdings in the Reserve, which does not however affect our ways and means position. On the other hand, I hope that by the end of the year we shall have reduced the amount of treasury bills outstanding in the hands of the public from 43 crores at the beginning of the year to 37½ crores.

Mainly financed by new currency issues.

35. Altogether, then, the ways and means operations of the year may be summarised as follows :— Summary of year's operations.

Liabilities.	Crores.
(1) Railway capital outlay (inclusive of exchange)	25·5
(2) Delhi capital outlay (inclusive of exchange)	1·2
(3) Irrigation capital outlay (inclusive of exchange)	·7
(4) Discharge of debt	28·3
(5) Discharge of railway debentures	·5
(6) Imperial deficit	11·1
(7) Discharge of treasury bills issued to the public	5·2
(8) Exchange loss on remittance transactions, gold transactions, etc.	23·5
(9) Miscellaneous items	·2
Total	96·2

which have been met as follows :—

(1) Reduction of cash balances	14·9
(2) Rupee loan in India	29·8
(3) Issue of treasury bills to Paper Currency reserve	32·8
(4) Net receipts from Savings Bank deposits and cash certificates	3·2
(5) Credits under the War Stores suspense account	14·1
(6) Provincial surplus	1·4
Total	96·2

The above summary refers of course to our ways and means position as a whole, *i.e.*, in India and England combined, and omits remittance transactions which merely effect the transfer of our balances from India to England, or *vice versa*. As regards our balances in England, I have already referred to the extent to which the Secretary of State has had to draw on the sterling securities in the Paper Currency Reserve in order to meet our sales of Reverse Councils. The extent to which he had to have resort to the Currency Reserve was, however, £2 million less than the Reverse Councils and gold purchases for which he had to pay; the remainder, together with his other outgoings, *i.e.*, our ordinary home charges, he has been able to meet by means of his recoveries from the Home Government in respect of our rupee expenditure on their behalf, the total amount of such recoveries during the current year being probably about £53 million.

(B) Next year.

Payments of war bonds and provincial drawings.

36. I now turn to our capital liabilities and probable assets for next year. Our first important liability is the discharge of the 1921 war bonds for which we have to find 15¾ crores, and there is an undischarged balance of about ½ crore of the current year's loan for which it is necessary to make provision. Secondly, although under the Reforms Scheme irrigation is entirely a provincial subject, several provinces will need to borrow from us in order to finance the irrigation projects now in progress; some of them have also asked for loans to cover various items of *quasi*-capital expenditure. These latter we have been obliged to restrict substantially, but in the net we have undertaken to make provision for loans, including those required for irrigation purposes, aggregating a crore and three-quarters. Thirdly, the provinces expect to draw on their balances with us to the extent of 6½ crores. These three liabilities, therefore, amount to 24¼ crores.

Rupee loan.

37. Before I consider our further liabilities such as the amount to be allotted for the railway capital programme, for capital expenditure on New Delhi, and for certain other purposes, it will be convenient if I turn for a moment to the question of what provision we shall enter for our own rupee loan. We are budgeting for a rupee loan in India of 15 crores. I hope that we shall get more, but, as I shall show presently, any such excess should, I think, not be taken into our present calculations, but earmarked for a purpose which I shall mention. As regards the amount we are likely to obtain, I cannot of course say anything here as to the terms which we shall offer. We have to remember that we have been working the Indian money market assiduously for a number of years and have raised sums far beyond the dreams of pre-war financiers. We have been enabled to do this, partly as a result of public patriotism and of energetic propaganda during the war itself, and partly, and I think to a greater extent, owing to the very great trade prosperity which the war brought to India. Nevertheless, we have had gradually to advance our rate of interest. In 1914 we were borrowing on a 3½ per cent. basis; we have in successive years had to offer 4 per cent., 5 per cent., 5½ per cent. income-tax free for short-term loans, and in the current year we were obliged to offer 6 per cent. income-tax free. Further, various Provincial Governments will probably be competing with us in the market; one of them indeed has already done so with considerable success. I do not wish to strike an undue note of pessimism here, but the House will probably agree that there is an obvious limit to the extent to which we can go on depreciating our credit. We have already suffered considerable loss of money power by the very heavy depreciation in the price of our main securities. Further, we have seen the end of the big trade boom, and there are unmistakable signs of our having already entered upon that period of trade depression which always characterises a transition from higher to lower prices. Altogether, I do not think it would be right to expect that we can hope to raise anything like the large sums which we succeeded in raising during several of the war years.

Sterling Loan.

We have, I need hardly say, also turned our attention to the feasibility of raising a sterling loan in the London market. Honourable members are probably aware of the conditions obtaining in England, and will understand the practical difficulties in the way of our raising a substantial sterling loan; nevertheless, we hope the Secretary of State will be able to effect something in this direction, and we are accordingly budgeting for a sterling loan of £5 million.

No specific provision for reduction of floating debt or deflation of currency.

38. I now turn to our remaining liabilities. I do not think I need lay stress on the necessity for freeing ourselves as early as possible from the embarrassments which follow from the present volume of our floating debt and from an inflated currency. Nevertheless, in view of the necessity for finding what money we can for the railway programme we have felt unable for the present to make any specific provision for a reduction in our floating debt, or for the cancellation of the treasury bills held in the Paper Currency Reserve, save in so far as this is automatically provided for by the Indian Paper Currency (Amendment) Act XLV of 1920. I am afraid that some of our financial critics will place their finger upon this meagre provision as being a weak point in our ways and means budget. We propose however, should the rupee loan bring in more than the 15 crores budgeted for, to devote such excess to the purpose of making a further reduction in our floating debt or of the deflation of the currency. I feel very strongly that these objects have the first call upon any surplus assets that the operations of next year may give rise to. I have already spoken at some length on the urgent necessity for taking early steps to rehabilitate our financial position. I will only add

here that in my opinion the interests of the country will be best served by our concentrating our energies upon freeing ourselves as soon as possible from the financial embarrassments which are a legacy of the war. The sooner we do this, the sooner will our hands be free to make additional funds available for purposes of railway expansion, or for loans to the provinces to assist their industrial progress and development and to help them to finance the very large irrigation projects which in the course of the next few years will, we hope, be ready for construction.

But these objects to have first call on any surplus assets.

39. In these conditions we have not felt justified in making provision for a railway capital programme larger than 15 crores, as against the 22½ crores programme budgeted for in the current year. Indeed, we have felt some hesitation as to whether we could justly find even this figure, but anything less than this will so restrict the provision of necessary renewals, and of new rolling stock, as to react very seriously upon the carrying capacity of our railways. I am fully aware that in many circles this provision will be regarded as inadequate. I realise also that it would be a penny-wise and pound-foolish policy to kill the goose that lays for the tax-payer so many golden eggs. Nevertheless, in the opinion of Government, great as are the interests concerned in a progressive railway policy, the interests of the country as a whole are greater, and in the long run it will be to the latter's interests, and, indeed, to those of the railways themselves, that we should first clear the way by putting our finances in such a position that they will in future be able to bear the burden of larger capital expenditure in various directions of development, of which railway development is no doubt the most important. Otherwise, our credit will continue to depreciate, and we shall be able to borrow less and less. Further, I would suggest to this House that, as guardians of the tax-payers' interests, they cannot altogether overlook the fact that the net receipts from railways, excluding interest charges, amount at present to just under five per cent. of the total capital at charge. I do not wish to stress this point unduly; the best way of improving our railway dividend is (apart from raising fares and rates) to increase the railways' carrying capacity, and that cannot be done without an adequate supply of capital. My point is that, until we free ourselves of the various financial embarrassments which I have mentioned, and thereby improve our credit, it is hopeless for us to expect to raise money except at a rate higher than that which the railways at present earn on their capital. As the House is aware, various schemes for enabling more money to be found for railways have been suggested in the evidence taken by Sir William Ackworth's Committee, such as raising by the railway companies, or by some Indian domiciled companies founded to take their place, special railway debentures. We shall of course consider very carefully any recommendations that the Railway Committee may submit to us, and should any such schemes mature, no one will be more pleased than myself, but, so far as next year is concerned, I am afraid that we can only rely on the funds that Government itself can make available from its own borrowing.

Railway grant for next year.

Meanwhile, I must invite the House's special attention to the fact that the difference between the railway capital grant for the current year, namely, 22½ crores, and the 15 crores which we propose to fix for the coming year, is not so great as the figures might imply. This time last year, as honourable members know, we anticipated that exchange would remain above 2*s.*, and that consequently the financing of a capital grant of £22½ million would require a rupee expenditure of only 19 crores. For next year we are, as I have mentioned, assuming an average rate of exchange of 1*s.* 8*d.* This will mean that to finance a capital programme of £15 million, a rupee expenditure of 17 crores 80 lakhs will be necessary, so that, so far as actual expenditure of rupees is concerned, the difference between the two years is only just over a crore.

40. The only other item to which I need draw the House's attention is an entry of one crore for the Delhi capital outlay. As regards irrigation, I have already reminded the House that under the Reforms scheme irrigation projects will in future be financed by the provincial Governments concerned. If they cannot find the money from their own balances, they will either borrow the necessary capital from us (as several Governments will do in the coming year) or raise it in the open market. Although we ourselves are no longer directly concerned with the financing of irrigation projects, the House will probably be interested to know that there are now several large projects which have been some years under consideration, but the schemes for which have either reached or are approaching maturity. The two most

Delhi.

Irrigation.

important of these are the Sukkur barrage project and the Sardha canal in the United Provinces. There has for various causes been for several years a comparative lull in the amount of irrigation construction in progress, but before long, when the projects which I have mentioned and several others are in full construction, the amount of funds necessary to finance them will reach a considerable figure. In fact, according to an estimate made some months ago, it will be necessary, if the programme as at present envisaged is to be worked up to, for the various provinces to find a total sum of no less than 72 crores for irrigation during the next fifteen years.

41. Altogether, the ways and means transactions of the coming year may be summarised as follows:—

Summary of next year's transactions.

Capital requirements.

	(Crores.)
(*i*) Railway capital outlay (inclusive of exchange)	17·8
(*ii*) Delhi capital outlay (inclusive of exchange)	1·1
(*iii*) Discharge of debt (War Bonds)	16·2
(*iv*) Loans to Provincial Governments	1·7
(*v*) Drawings by Provincial Governments from their balances	6·3
Total	43·1

Resources from which met.

(*vi*) Reduction of cash balances	6·6
(*vii*) Rupee loan	15·0
(*viii*) Sterling loan	5·0
(*ix*) Net receipts from Savings Bank Deposits and Cash Certificates	4·2
(*x*) Recovery in respect of money orders issued by Iraq Administration in 1919-20	3·5
(*xi*) Imperial surplus	·8
(*xii*) Net credit from exchange	5·0
(*xiii*) Other items	3·0
Total	43·1

Secretary of State's cash position.

42. In concluding my remarks upon our ways and means operations I must say a few words regarding the Secretary of State's position next year. This is a matter which at the present time is of particular interest and importance, because of its bearing upon the future course of exchange. We anticipate that the total expenditure which the Secretary of State will have to meet in London will be about £46 million. Now it will be obvious at once to honourable members that if it were necessary next year to put the Secretary of State in funds by means of the sale of Council Bills in London, such Council Bills, if sold to any large extent, would act as a very severe deterrent to any recovery in exchange which the trade conditions of next year might otherwise lead to. Fortunately we do not anticipate that, humanly speaking, there will be any necessity for the sale of Council Bills during the year. In the first place, we shall be recovering from the War Office about £20 million in respect of rupee disbursements made by us on their behalf. From his own cash balances and from certain other sources the Secretary of State will probably be able to find another £12 million. We also hope, as I have already stated, that he will be able to raise a sterling loan of about £5 million. He will need therefore a further £8¾ million. Now what is the position as regards our sterling reserves? We have some £8 million in the Paper Currency Reserve and no less than £38 million in the Gold Standard Reserve. It is obvious, therefore, that the Secretary of State, by operating on those reserves, *i.e.*, by transferring them to India, should be able to avoid the sale of Councils for a considerable period. He would draw upon those reserves in London, while we should credit thereto in India an equivalent amount of rupees, the net result being a transfer of the reserves, to that extent, from England to India. During the next financial year we expect, as I have said, that he will only have to place himself in funds from these reserves to the extent of £8¾ million, and this can be found almost entirely from the Paper Currency Reserve.

Use of sterling reserves.

43. A year ago we were being criticised very severely for supporting exchange, at the high level then existing, by the sale of Reverse Councils. More recently we have been criticised in several quarters for not making use of the Gold Standard Reserve to stabilise exchange at the level to which it has subsequently fallen. Our more recent critics point out that the very *raison d'être* of the Gold Standard Reserve is to support exchange. I entirely agree. My reply is that the best and most effective way of utilising that reserve is in order to keep the Secretary of State in funds and to avoid his having to sell Councils at a low rate of exchange. When one considers that the Secretary of State has over £46 million of sterling reserves, apart from his cash balances and apart from any other assets that may accrue to him in England, there is surely some justification for a refusal to feel unduly pessimistic about the future course of exchange. For unless it be contended, and I have not yet heard the assertion made, that the balance of trade has now set permanently against India, and if it be agreed that the present trade conditions are highly abnormal, then it can only be a question of time before a return commences towards a more normal state of affairs. When that happens, there must be a balance of trade in India's favour and unless that balance be satisfied by the sale of Council Bills exchange must rise. Then, and not till then, will in our opinion be the psychological moment to make full use of our sterling reserves, rather than to dissipate these now in efforts to stabilise exchange at some rate which, from the very nature of the existing conditions of the world's trade, could not be made permanent. If there is one lesson that can be drawn from the events of 1920 it is surely this; if, as we are told, a mistake was made last year in endeavouring to stabilise exchange when conditions were so abnormal, let us not repeat that mistake by trying to do a similar thing when, owing to a violent swing of the pendulum, the converse position is equally abnormal. Effect upon exchange.

Conclusion.

44. I have concluded my task. For the deficit of the present year the House, knowing the facts regarding the unusual expenditure which we have had to incur on the frontier, and on heavy increases of pay to all our establishments, was not I think unprepared. I can appreciate its disappointment at finding that our deficit for the coming year will be so heavy as to involve taxation on the scale which I have had to propose. My own personal feelings must, I am aware, at such a moment count for little. But for myself, the regret which I feel is not at having to announce a deficit or propose fresh taxation: my regret is that this Assembly should at the outset of its career be forced to face problems for which I feel that it can find no solution which will not bring it some unpopularity in the country. I believe whole-heartedly that the immediate political future of India depends on the strengthening and consolidation of the forces now represented in this Assembly. It is an unkind stroke of fate that circumstances should force us to place on this Assembly a burden which would be no easy one for a body occupying a position compacted by tradition and fortified by a long career of national service. But regrets will not cure hard facts. Circumstances have turned against us, as they have turned against so many countries in the last year, and the circumstances must be faced. But let us bear in mind, that in proportion as we confront our present difficulties with courage and with breadth of vision, by so much shall we justify this, the first Imperial Assembly, to those who will come after us, the future Assemblies of a greater India.

W. M. HAILEY.

The 1st March 1921.

BUDGET

OF THE

GOVERNMENT OF INDIA,

MARCH 1921.

PART I.

ACCOUNTS	1919-20
REVISED ESTIMATES	1920-21

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NOTE 1.—It may be explained for the information of Hon'ble Members that, in view of the revised financial arrangements with the provinces which come into effect from the 1st April 1921 and of the revised classification of account heads which is being introduced from that date, the Budget Statements have been prepared in two parts. Part I shows the revenue and expenditure of the Imperial and Provincial Governments together, under the existing financial arrangements and classification, according to the accounts for 1919-20 and the Budget and Revised estimates for 1920-21. Since the 1st April 1920 the accounts have been kept on the basis of £1=R10, while the actuals for 1919-20 and the Budget estimates for 1920-21 were prepared on the basis of £1=R15. For facility of comparison the latter have accordingly in Part I been recast on the basis of £1=R10.

Part II shows the Budget estimates of the Central Government's revenue and expenditure for 1921-22 under the new financial arrangements and classification, and to these figures have been added, for purposes of comparison, the approximate figures of the accounts for 1919-20 and the Revised estimates for 1920-21, as they would have stood if the new division of revenue and expenditure between the Central and Provincial Governments and the new classification had been in force in these years. Thus, the deficit of R18,76,66,000 shown in Statement I in Part II under the Revised estimate for 1920-21 represents the net deficit (after allowing for contributions from the provinces) which would have accrued in the Central Government's revenue account, if the new division of revenue and expenditure had been in force during the year.

A similar separate exhibition of debt, remittance and similar transactions is not necessary, and they are accordingly shown in Part II for all the three years, the accounts for 1919-20 being converted at £1=R15 as in the actual accounts for that year, and the Revised and Budget estimates at £1=R10.

NOTE 2.—At the par of the exchanges R10=£1. Subject therefore to adjustment in respect of exchange variations, the sterling equivalent of any rupee figure in these statements (except in the column for Accounts, 1919-20, in Statement C in Part II) may be found by dividing the figure by ten. In 1919-20 the average rate of the rupee-sterling exchange was 1*s.* 11·87785*d.* the rupee and the average rates for 1920-21 and 1921-22 have been assumed for the purpose of these estimates at 1*s.* 9*d.* and 1*s.* 8*d.* respectively.

I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1919-1920.	Budget Estimate, 1920-1921.	Revised Estimate, 1920-1921.
		₹	₹	₹
Revenue—				
Principal Heads of Revenue—				
Land Revenue	A	33,91,49,146	35,69,68,000	32,82,58,000
Opium	„	4,55,62,212	4,41,30,000	3,62,32,000
Salt	„	5,74,79,319	6,73,25,000	6,68,55,000
Stamps	„	10,91,17,665	11,26,12,000	11,28,27,000
Excise	„	19,25,94,029	20,51,10,000	20,28,52,000
Customs	„	22,48,32,802	25,51,45,000	33,55,36,000
Income Tax	„	23,20,78,443	17,08,57,000	21,00,20,000
Other Heads	„	7,43,94,289	7,75,46,000	7,93,18,000
TOTAL PRINCIPAL HEADS	...	1,27,52,07,905	1,28,96,94,000	1,37,18,98,000
Interest	A	5,05,86,915	4,67,74,000	3,69,75,000
Posts and Telegraphs	„	9,20,39,509	9,26,00,000	9,83,76,000
Mint	„	2,67,99,113	1,01,93,000	70,90,000
Receipts by Civil Departments	„	3,39,49,397	3,11,85,000	3,49,83,000
Miscellaneous	„	2,70 74,539	3,32,28,000	12,62,66,000
Railways: Net Receipts	„	31,83,58,664	32,56,03,000	26,32,87,000
Irrigation	„	8,74,93,023	8,91,78,000	9,29,75,000
Other Public Works	„	55,49,014	55,69,000	68,64,000
Military Receipts	„	3,90,52,245	2 14,02,000	3,37,62,000
TOTAL REVENUE	...	1,95,61,10,324	1,91,54,26,000	2,07.24,16,000
DEFICIT	...	23,65,28,825	...	11,14,33,000
TOTAL	...	2,19,26,39,149	1,94,54,26,000	2,18,38,49,000

D. DEWAR,
Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 1, 1921.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1919-1920.	Budget Estimate, 1920-1921.	Revised Estimate, 1920-1921.
Expenditure—		R	R	R
Direct Demands on the Revenues	B	18,28,87,332	20,45,91,000	22,16,57,000
Interest	„	11,51,64,408	9,52,57,000	11,65,11,000
Posts and Telegraphs	„	6,84,71,526	8,51,85,000	9,88,62,000
Mint	„	48,54,314	35,58,000	29,98,000
Salaries and Expenses of Civil Departments	„	38,33,99,992	41,99,72,000	44,88,13,000
Miscellaneous Civil Charges	„	8,33,12,683	11,12,08,000	12,41,72,000
Famine Relief and Insurance	„	1,70,75,926	1,50,00,000	1,50,00,000
Railways: Interest and Miscellaneous Charges	„	17,93,09,071	19,13,24,000	21,25,00,000
Irrigation	„	6,34,87,567	6,58,55,000	6,97,46,000
Other Public Works	„	10,63,71,544	13,62,96,000	12,18,54,000
Military Services	„	87,25,32,343	57,32,20,000	73,79,54,000
Appropriation from Revenue for meeting deficiency in Paper Currency Reserve.	„	...	8,75,00,000	...
Adjustment on account of the difference in exchange due to the adoption of the 2 shilling basis for conversion.	„	10,89,57,445		
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	2,18,58,24,151	1,98,89,66,000	2,17,00,67,000
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	1,10,68,419	...	8,26,89,000
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*42,53,421*	*6,16,65,000*	*6,89,07,000*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	2,19,26,39,149	1,92,73,01,000	2,18,38,49,000
SURPLUS	...	...	1,81,25,000	...
TOTAL	...	2,19,26,39,149	1,94,54,26,000	2,18,38,49,000

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1919-1920.					BUDGET	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	R	R	R	R	R	R	R
I.—Land Revenue	33,91,49,146	...	**33,91,49,146**	16,49,08,039	17,42,41,107	35,69,68,000	...
II.—Opium	4,55,62,212	...	**4,55,62,212**	4,55,62,212	...	4,41,30,000	...
III.—Salt	5,74,79,319	...	**5,74,79,319**	5,74,79,319	...	6,73,26,000	...
IV.—Stamps	10,91,17,665	...	**10,91,17,665**	5,56,24,569	5,34,93,096	11,26,12,000	...
V.—Excise	19,25,94,029	...	**19,25,94,029**	5,51,71,756	13,74,22,273	20,51,10,000	...
VI.—Provincial Rates	5,34,730	...	**5,34,730**	1,994	5,32,736	5,60,000	...
VII.—Customs	22,48,32,802	...	**22,48,32,802**	22,48,32,802	...	25,51,45,000	...
VIII.—Income Tax	23,20,78,443	...	**23,20,78,443**	17,93,86,221	5,26,92,222	17,08,57,000	...
IX.—Forest	5,36,75,794	...	**5,36,75,794**	22,97,051	5,13,78,743	5,65,63,000	...
X.—Registration	1,08,54,940	...	**1,08,54,940**	1,49,832	1,07,05,108	1,11,79,000	...
XI.—Tributes from Indian States	93,28,825	...	**93,28,825**	93,28,825	...	92,44,000	...
TOTAL	1,27,52,07,905	...	**1,27,52,07,905**	79,47,42,620	48,04,65,285	1,28,96,94,000	...
XII.—Interest	2,01,61,405	3,04,25,510	**5,05,86,915**	4,52,06,741	53,80,174	1,98,54,000	2,69,20,000
XIII.—Posts and Telegraphs	9,19,95,299	44,210	**9,20,39,509**	9,20,39,509	...	9,22,75,000	3,25,000
XV.—Mint	2,67,98,523	590	**2,67,99,113**	2,67,99,113	...	1,01,93,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	72,56,946	...	**72,56,946**	4,20,313	68,36,633	69,70,000	...
XVI.—Law and Justice { Jails	64,13,865	...	**64,13,865**	12,70,354	51,43,511	59,80,000	...
XVII.—Police	34,84,092	...	**34,84,092**	11,64,677	23,19,415	21,00,000	...
XVIII.—Ports and Pilotage	20,92,934	...	**20,92,934**	...	20,92,934	22,60,000	...
XIX.—Education	48,59,933	...	**48,59,933**	1,11,363	47,48,570	49,05,000	...
XXA.—Medical	17,18,221	1,460	**17,19,681**	27,601	16,92,080	17,31,000	3,000
XXB.—Sanitation	6,97,830	...	**6,97,830**	2,46,321	4,51,509	6,16,000	...
XXIA.—Agriculture	28,55,095	...	**28,55,095**	4,02,308	24,52,787	28,51,000	...
XXIB.—Scientific and Miscellaneous Departments	45,57,821	11,200	**45,69,021**	2,35,815	43,33,206	37,56,000	13,000
TOTAL	3,39,36,737	12,660	**3,39,49,397**	38,78,752	3,00,70,645	3,11,69,000	16,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	27,73,527	4,43,490	**32,17,017**	16,57,603	15,59,414	28,56,000	4,37,000
XXIII.—Stationery and Printing	19,90,165	...	**19,90,165**	8,42,575	11,47,590	20,18,000	...
XXIV.—Exchange	...	...	...	...	...	...	...
XXV.—Miscellaneous	2,09,06,637	9,60,720	**2,18,67,357**	1,75,57,927	43,09,430	2,65,05,000	14,12,000
TOTAL	2,56,70,329	14,04,210	**2,70,74,539**	2,00,58,105	70,16,434	3,13,79,000	18,49,000
Railways—							
XXVI.—State Railways (Gross Receipts)	79,02,65,552	4,86,070	**79,07,51,622**	79,06,26,615	1,25,007	84,00,00,000	4,86,000
Deduct—Working Expenses	*45,46,75,168*	...	***45,46,75,168***	*45,45,55,861*	*1,19,307*	*50,06,00,000*	...
Surplus profits paid to Companies, etc.	*2,00,92,140*	...	***2,00,92,140***	*2,00,92,140*	...	*1,60,00,000*	...
Net Receipts	31,54,98,244	4,86,070	**31,59,84,314**	31,59,78,614	5,700	32,34,00,000	4,86,000
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	1,93,470	21,80,880	**23,74,350**	23,74,350	...	1,67,000	15,50,000
TOTAL	31,56,91,714	26,66,950	**31,83,58,664**	31,83,52,964	5,700	32,35,67,000	20,36,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	5,35,89,789	...	**5,35,89,789**	2,27,87,169	3,08,02,620	5,24,12,000	...
Portion of Land Revenue due to Irrigation	2,91,77,939	...	**2,91,77,939**	1,58,13,857	1,33,64,082	3,19,58,000	...
XXX.—Minor Works and Navigation	47,25,295	...	**47,25,295**	16,09,809	31,15,486	48,08,000	...
TOTAL	8,74,93,023	...	**8,74,93,023**	4,02,10,835	4,72,82,188	8,91,78,000	...
Other Public Works—							
XXXI.—Civil Works	55,49,014	...	**55,49,014**	10,02,927	45,46,087	55,69,000	...
Military Receipts—							
XXXII.—Army: Effective	2,94,18,603	25,39,950	**3,19,58,553**	3,19,58,553	...	1,39,61,000	23,70,000
Non-Effective	9,90,028	4,03,910	**13,93,938**	13,93,938	...	8,66,000	4,10,000
	3,04,08,631	29,43,860	**3,33,52,491**	3,33,52,491	...	1,48,27,000	27,80,000
XXXIII.—Marine	40,72,325	...	**40,72,325**	40,72,325	...	24,15,000	...
XXXIV.—Military Works	16,27,429	...	**16,27,429**	16,27,429	...	13,80,000	...
TOTAL	3,61,08,385	29,43,860	**3,90,52,245**	3,90,52,245	...	1,86,22,000	27,80,000
Transfers between Imperial and Provincial Revenues	...	...	...	−2,86,95,014	+2,86,95,014	...	...
TOTAL REVENUE	1,91,86,12,334	3,74,97,990	**1,95,61,10,324**	1,35,26,48,797	60,34,61,527	1,91,15,00,000	3,39,26,000

India, in India and in England.

ESTIMATE, 1920-1921.			REVISED ESTIMATE, 1920-1921.					Increase + Decrease — as compared with Budget Estimate, 1920-1921.
Total.	Distribution of Total between		India.	England.	Total.	Distribution of Total between		
	Imperial.	Provincial.				Imperial.	Provincial.	
R	R	R	R	R	R	R	R	R
35,69,68,000	17,22,91,000	18,46,77,000	32,82,58,000	...	32,82,58,000	15,87,33,000	16,95,25,000	—2,87,10,000
4,41,36,000	4,41,30,000	...	3,62,32,000	...	3,62,32,000	3,62,32,000	...	—78,98,000
6,73,26,000	6,73,26,000	...	6,68,55,000	...	6,68,55,000	6,68,55,000	...	—4,71,000
11,26,12,000	5,74,21,000	5,51,91,000	11,28,27,000	...	11,28,27,000	5,76,52,000	5,51,75,000	+ 2,15,000
20,51,10,000	5,91,35,000	14,59,75,000	20,28,52,000	...	20,28,52,000	5,81,77,000	14,46,75,000	—22,58,000
5,60,000	2,000	5,58,000	6,10,000	...	6,10,000	2,000	6,08,000	+ 50,000
25,51,45,000	25,51,45,000	...	33,55,36,000	...	33,55,36,000	33,55,36,000	...	+ 8,03,91,000
17,08,57,000	11,30,69,000	5,77,88,000	21 00,20,000	...	21,00,20,000	14,64,84,000	6,35,36,000	+ 3,91,63,000
5,65,63,000	24,91,000	5,40,72,000	5,79,66,000	...	5,79,66,000	19,06,000	5,60,60,000	+ 14,03,000
1,11,79,000	1,29,000	1,10,50,000	1,15,19,000	...	1,15,19,000	1,65,000	1,13,54,000	+ 3,40,000
92,44,000	92,44,000	...	92,23,000	...	92,23,000	92,23,000	...	— 21,000
1,28,96,94,000	78,03,83,000	50,93,11,000	1,37,18,98,000	...	1,37,18,98,000	87,09,65,000	50,09,33,000	+ 8,22,04,000
4,67,74,000	4,08,67,000	59,07,000	2,24,24,000	1,45,51,000	3,69,75,00	3,05,23,000	64,52,000	—97,99,000
9,26,00,000	9,26,00,000	...	9,82,94,000	82,000	9,83,76,000	9,83,76,000	...	+ 57,76,000
1,01,93,000	1,01,93,000	...	70,89,000	1,000	70,90,000	70,90,000	...	— 31,03,000
69,70,000	3,40,000	66,30,000	74,09,000	...	74,09,000	3,92,000	70,17,000	+ 4,39,000
59,80,000	8,91,000	50,89,000	64,14,000	...	64,14,000	10,88,000	53,26,000	+ 4,34,000
21,00,000	1,01,000	19,99,000	39,45,000	...	39,45,000	15,12,000	24,33,000	+ 18,45,000
22,60,000	...	22,60,000	23,89,000	...	23,89,000	...	23,89,000	+ 1,29,000
49,05,000	1,18,000	47,87,000	48,41,000	...	48,41,000	1,12,000	47,29,000	—64,000
17,34,000	28,000	17,06,000	18,85,000	2,000	18,87,000	37,000	18,50,000	+ 1,53,000
6,16,000	2,47,000	3,69,000	10,24,000	...	10,24,000	6,00,000	4,24,000	+ 4,08,000
28,51,000	4,42,000	24,09,000	25,82,000	...	25,82,000	3,62,000	22,20,000	—2,69,000
37,69,000	4,57,000	33,12,000	44,69,000	23,000	44,92,000	7,42,000	37,50,000	+ 7,23,000
3,11,85,000	26,24,000	2,85,61,000	3,49,58,000	25,000	3,49,83,000	48,45,000	3,01,38,000	+ 37,98,000
32,93,000	17,62,000	15,31,000	28,59,000	4,08,000	32,67,000	15,89,000	16,78,000	—26,000
20,18,000	9,22,000	10,96,000	21,74,000	...	21,74,000	9,78,000	11,96,000	+ 1,56,000
...	...	...	...	...	...	...	...	...
2,79,17,000	1,47,78,000	1,31,39,000	11,11,34,000	96,91,000	12,08,25,000	2,45,22,000	9,63,03,000	+ 9,29,08,000
3,32,28,000	1,74,62,000	1,57,66,000	11,61,67,000	1,00,99,000	12,62,66,000	2,70,89,000	9,91,77,000	+ 9,30,38,000
84,04,86,000	84,03,36,000	1,50,000	81,82,69,000	4,86,000	81,87,55,000	81,86,25,000	1,30,000	—2,17,31,000
50,06,00,000	*50,04,45,000*	*1,55,000*	*54,13,20,000*	...	*54,13,20,000*	*54,11,55,000*	*1,65,000*	—4,07,20,000
1,60,00,000	*1,60,00,000*	...	*1,68,34,000*	...	*1,68,34,000*	*1,68,34,000*	...	—8,34,000
32,38,86,000	32,38,91,000	—5,000	26,01,15,000	4,86,000	26,06,01,000	26,06,36,000	—35,000	—6,32,85,000
17,17,000	17,17,000	...	5,44,000	21,42,000	26,86,000	26 86,000	...	+ 9,69,000
32,56,03,000	32,56,08,000	—5,000	26,06,59,000	26,28,000	26,32,87,000	26,33,22,000	—35,000	—6,23,16,000
5,24,12,000	2,29,35,000	2,94,77,000	5,60,50,000	...	5,60,50,000	2,41,44,000	3,19,06,000	+ 36,38,000
3,19,58,000	1,72,10,000	1,47,48,000	3,20,64,000	...	3,20,64,000	1,72,50,000	1,48,14,000	+ 1,06,000
48,08,000	17,95,000	30,13,000	48,61,000	...	48,61,000	19,00,000	29,61,000	+ 53,000
8,91,78,000	4,19,40,000	4,72,38,000	9,29,75,000	...	9,29,75,000	4,32,94,000	4,96,81,000	+ 37,97,000
55,69,000	9,08,000	46,61,000	68,64,000	...	68,64,000	11,35,000	57,29,000	+ 12,95,000
1,63,31,000	1,63,31,000	...	2,42,47,000	35,45,000	2,77,92,000	2,77,92,000	...	+ 1,14,61,000
12,76,000	12,76,000	...	8,78,000	5,00,000	13,78,000	13,78,000	...	+ 1,02,000
1,76,07,000	1,76,07,000	...	2,51,25,000	40,45,000	2,91,70,000	2,91,70,000	...	+ 1,15,63,000
24,15,000	24,15,000	...	30,00,000	...	30,00 000	30,00,000	...	+ 5,85,000
13,80,000	13,80,000	...	15,32,000	...	15,32,000	15,32,000	...	+ 1,52,000
2,14,02,000	2,14,02,000	...	2,96,57,000	40,45,000	3,37,02,000	3,37,02,000	...	+ 1,23,00,000
...	—1,70,57,000	+ 1,70,57,000	...	...	...	—1,65,05,000	+ 1,65,05,000	...
1,94,54,26,000	1,31,69,30,000	62,84,96,000	2,04,09,85,000	3,14,31,000	2,07,24,16,000	1,36,38,36,000	70,85,80,000	+ 12,69,90,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1919-1920.					BUDGET	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	₹	₹	₹	₹	₹	₹	₹
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	2,23,96,206	...	**2,23,96,206**	1,66,02,026	57,94,180	1,45,73,000	...
2.—Assignments and Compensations	1,97,18,839	...	**1,97,18,839**	90,03,245	1,07,15,594	2,03,18,000	...
Charges in respect of Collection, *viz.* :—							
3.—Land Revenue	6,44,24,129	25,420	**6,44,49,549**	43,22,475	6,01,27,074	7,76,65,000	16,000
4.—Opium (including cost of Production)	1,29,60,982	24,600	**1,29,85,582**	1,29,85,582	...	1,74,08,000	27,000
5.—Salt (including cost of Production)	80,87,014	15,470	**81,02,484**	81,02,484	...	1,15,10,000	16,000
6.—Stamps	11,98,408	18,10,200	**30,08,608**	15,96,168	14,12,440	11,89,000	11,00,000
7.—Excise	91,45,025	8,180	**91,53,205**	26,50,344	65,02,861	1,08,83,000	5,000
9.—Customs	46,67,070	3,460	**46,70,530**	46,70,530	...	58,00,000	2,000
10.—Income Tax	15,27,269	...	**15,27,269**	8,16,247	7 11,022	20,04,000	...
11.—Forest	3,17,77,579	2,21,330	**3,19,98,909**	25,85,650	2,94,13,259	3,63,93,000	3,55,000
12.—Registration	48,76,151	...	**48,76,151**	42,042	48,34,109	50,27,000	...
TOTAL	18,07,78,672	21,08,660	**18,28,87,332**	6,33,76,793	11,95,10,539	20,30,70,000	15,21,000
Interest—							
13.—Interest on Debt	15,65,79,916	7,58,22,820	**23,24,02,736**	21,64,09,230	1,59,93,506	15,65,00,000	7,23,94,000
Deduct—Amounts chargeable to Railways	*7,63,56,062*	*3,67,30,270*	***11,30,86,332***	*11,30,86,332*	...	*9,24,39,000*	*3,75,69,000*
" Amounts chargeable to Irrigation	*2,16,12,164*	*12,50,980*	***2,28,63,134***	*1,16,35,525*	*1,12,27,609*	*2,25,17,000*	*12,67,000*
Remainder chargeable on Ordinary Debt	5,86,11,700	3,78,41,570	**9,64,53,270**	9,16,87,373	47,65,897	4,15,44,000	3,35,68,000
14.—Interest on other obligations	1,87,11,138	...	**1,87,11,138**	1,87,11,138	...	2,01,45,000	...
TOTAL	7,73,22,838	3,78,41,570	**11,51,64,408**	11,03,98,511	47,65,897	6,16,89,000	3,35,68,000
15.—Posts and Telegraphs	6,27,27,246	57,44,280	**6,84,71,526**	6,84,71,526	...	7,33,50,000	1,18,35,000
17.—Mint	42,80,774	5,73,540	**48,54,314**	48,54,314	...	29,30,000	6,28,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	2,98,21,971	61,94,480	**3,60,16,451**	1,99,23,764	1,60,92,687	3,12,25,000	74,27,000
19.—Law and Justice { Courts	5,58,29,446	39,890	**5,58,69,336**	13,25,247	5,45,44,089	5,74,77,000	26,000
19.—Law and Justice { Jails	2,31,88,918	1,31,840	**2,33,20,758**	30,57,936	2,02,62,822	2,18,57,000	...
20.—Police	10,27,36,735	9,880	**10,27,46,615**	71,46,863	9,55,99,752	10,42,48,000	28,000
21.—Ports and Pilotage	46,26,058	2,840	**46,28,898**	2,840	46,26,058	39,30,000	3,000
22.—Education	6,83,64,675	1,58,360	**6,85,23,035**	23,37,493	6,61,85,542	8,36,57,000	1,30,000
23.—Ecclesiastical	20,14,378	1,550	**20,15,928**	20,15,928	...	22,10,000	4,000
24A.—Medical	1,98,72,397	1,59,760	**2,00,32,157**	17,66,151	1,82,66,006	2,50,52,000	1,66,000
24B.—Sanitation	1,20,16,761	45,440	**1,20,62,201**	21,33,127	99,29,074	2,01,22,000	20,000
25.—Political	3,12,84,156	3,82,080	**3,16,66,236**	2,85,56,118	31,10,118	2,79 78,000	3,02,000
26A.—Agriculture	1,39,07,325	30,180	**1,39,37,505**	14,97,564	1,24,39,941	1,95,76,000	1,02,000
26B.—Scientific and Miscellaneous Departments	1,21,53,132	4,27,740	**1,25,80,872**	77,41,478	48,39,374	1,40,64,000	3,68,000
TOTAL	37,58,15,952	75,84,040	**38,33,99,992**	7,75,04,529	30,58,95,463	41,13,96,000	85,76,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	28,42,499	1,78,110	**30,20,609**	30,20,609	...	29,23,000	1,11,000
28.—Civil Furlough and Absentee Allowances	75,537	57 69,710	**58,45,247**	58,45,247	...	48,000	1,10,00,000
29.—Superannuation Allowances and Pensions	2,46,75,894	2,04,74,050	**4,51,49,944**	2,26,26,578	2,25,23,366	2,54,53,000	2,30,20,000
30.—Stationery and Printing	1,63,21,403	18,81,770	**1,82,03,173**	80,81,714	1,01,21,459	1,47,16,000	13,45,000
31.—Exchange	...	...	...	...	...	...	...
32.—Miscellaneous	97,28,740	13,64,970	**1,10,93,710**	49,15,432	61,78,278	3,20,42,000	5,50,000
TOTAL	5,36,44,073	2,96,68,610	**8,33,12,683**	4,44,89,580	3,88,23,103	7,51,82,000	3,60,26,000
famine Relief and Insurance—							
3.—Famine Relief	1,17,46,559	...	**1,17,46,559**	88,18,209	29,28,350	2,92,000	...
4.—Construction of Protective Railways	...	...	...	...	...	...	...
5.—Construction of Protective Irrigation Works	52,79,787	49,580	**53,29,367**	53,29,367	...	51,18,000	1,88,000
6.—Reduction or Avoidance of Debt	...	...	...	...	...	94,02,000	...
TOTAL	1,70,26,346	49,580	**1,70,75,926**	1,41,47,576	29,28,350	1,48,12,000	1,88,000
Carried over	77,15,95,901	8,35,70,280	**85,51,66,181**	38,32,42,829	47,19,23,352	84,24,29,000	9,23,42,000

Revenues of India, in India and in England.

ESTIMATE, 1920-1921.			REVISED ESTIMATE, 1920-1921.					Increase + Decrease — as compared with Budget Estimate, 1920-1921.
Total.	Distribution of Total between		India.	England.	Total.	Distribution of Total between		
	Imperial.	Provincial.				Imperial.	Provincial.	
R	R	R	R		R	R	R	R
1,45,73,000	1,11,40,000	34,33,000	3,00,23,000	...	**3,00,23,000**	2,23,62,000	76,61,000	+1,54,50,000
2,06,18,000	86,90,000	1,19,28,000	2,05,84,000	...	**2,05,84,000**	86,67,000	1,19,17,000	—34,000
7,76,81,000	43,97,000	7,32,84,000	8,24,20,000	30,000	**8,24,50,000**	46,59,000	7,77,91,000	+47,69,000
1,74,35,000	1,74 35,000	...	1,22,10,000	10,000	**1,22,20,000**	1,22,20,000	...	—52,15,000
1,15,26,000	1,15,26,000	...	85,46,000	55,000	**86,01,000**	86,01,000	...	—29,25 000
22,89,000	8,66,000	14,23,000	17,53,000	36,00,000	**53,53,000**	39,59,000	13.94,000	+30 64 000
1,08,83,000	26,75,000	82,13,000	1,20,82,000	9,000	**1,20,91,000**	29,58,000	91,33,000	+13,03.000
58,02,000	58 02,000	...	56,59,000	14,000	**56,73,000**	56,73,000	...	—1,29,000
20,04.000	10,49,000	9,55,000	22,39,000	13,000	**22,52,000**	11,82,000	10,70,000	+2,48,000
3,67,48,000	36,02,000	3,31,46,000	3,55,40,000	9,17,000	**3,64,57,000**	38,92,000	3,25,65,000	—2,91,000
56,27,000	35,000	49,92,000	59,53,000	...	**59,53,000**	49,000	59,04,000	+9,26,000
20,45,91,000	6,72,17,000	13,73,74,000	21,70,69,000	46,48,000	**22,16,57,000**	7,42,22,000	14,74,35,000	+1,70,66,000
22,88,94,000	21,23,56,000	1,65,38,000	18,15,86,000	7,23,64,000	**25,39,50,000**	23,66,83,000	1,72,67,000	+2,50,56,000
13,00.08,000	*13,00.08 000*	...	*9,92,54,000*	*3,77,47,000*	*13,70,01,000*	*13,70.01,000*	...	—69,93,000
2,37,74,000	*1,23,67,000*	*1,14,07,000*	*2,28,21,000*	*12,57,000*	*2,40,78,000*	*1,26,09,000*	*1,14,69,000*	—3,04,000
7,51,12,000	6 99,81,000	51,31,000	5,95,11,000	3,33,60,000	**9,28,71,000**	8,70,73,000	57,98,000	+1,77,59.000
2,01,45,000	2,01,45,000	...	2,36,40,000	...	**2,36,40,000**	2,36.40,000	...	+34,95,000
9,52,57,000	9,01,26,000	51,31,000	8,31,51,000	3,33,60,000	**11,65,11,000**	11,07,13,000	57,98,000	+2,12,54,000
8,51,85,000	8,51,85,000	...	8,86,44,000	1,02,18,000	**9,88,62,000**	9,88,62,000	...	+1,36,77,000
35,58,000	35,58,000	...	23,72,000	6,26,000	**29,98,000**	29,98,000	...	—5,60,000
3,86,52,000	2,21,47,000	1,65,05,000	3,72,57,000	1,14,71,000	**4,87,28,000**	2,85,23,000	2,02,05,000	+1,00,76.000
5,75,03,000	12,40,000	5,62,63,000	6.77,81,000	25,000	**6,78,06,000**	14,87,000	6,63,19,000	+1,03.03,000
2,18,57,000	29,86,000	1,88,71,000	2 47,82,000	...	**2,47.82,000**	36,34,000	2,11,48,000	+29,25,000
10,42,76,000	60,98,000	9,81,78,000	12,07,16,000	61,000	**12,07,77,000**	79,34,000	11,28,43,000	+1,65,01.000
39.33,000	3,000	39,30,000	43,53,000	3,000	**43.56,000**	3,000	43,53,000	+4.23,000
8,37,87,000	56,71,000	7,81,16,000	7,69,58,000	2,23,000	**7,71,81,000**	26,49,000	7,45,32,000	—66,06,000
22,14,000	22,14,000	...	25,64,000	7,000	**25,71,000**	25,71,000	...	+3,57,000
2,52,18,000	19.33,000	2.32,85,000	2,48,77,000	3,08,000	**2,51.85,000**	24,43,000	2,27,42,000	—33.00
2,01,42,000	33.74,000	1,67.68,000	1,28,13,000	50,000	**1,28,63.000**	29,08,000	99,55,000	—72,79,000
2,82,80,000	2,48,87,000	33,93,000	3,19,77,000	4 69,000	**3,24,46.000**	2,88.66,000	35,80,000	+41,66,000
1,96,78,000	21,68,000	1,75.10,000	1,66,26,000	79 000	**1,66,05,000**	18.26.000	1,47,79,000	—30,73,000
1,44,82,000	85,27,000	59,05,000	1,41,27,000	13,86,000	**1,55,13,000**	1,04,71,000	50,42,000	+10,81,000
41,99,72,000	8,12,48,000	33,87,24,000	43,47,31,000	1,40,82,000	**44,88,13,000**	9,33,15,000	35,54,98,000	+2,88,41,000
30,34,000	30,34,000	...	28,15,000	1,06,000	**29,21,000**	29,21,000	...	—1,13,000
1,10,43,000	1,10,48,000	...	2,05.000	1,07,50,000	**1,09.55,000**	1,09,55,000	...	—93,000
4,84,73,000	2,49,70,000	2,35,03,000	2,66,85,000	2,19,35,000	**4,86,21,000**	2,42,08,000	2,44,13,000	+1.48,000
1,60,61,000	66,55,000	94,06,000	1.79,99 000	28,04,000	**2.08,03,000**	91.65,000	1,16,68,000	+47,42,000
...	...	...	2,63,30,000	...	**2,63.30,000**	2,63,30,000	..	+2,63,.0 000
3,25,92,000	89,29,000	2,36,63.000	1,36,55,000	8,84,000	**1,45,42,000**	85,44,000	59,98,000	—1,80,50,000
11,12,08,000	5,46,36,000	5,65,72,000	8,76,93.000	3,64,79,000	**12,41.72,000**	8,20,93,000	4,20,79,000	+1,29,64,000
2,92,000	2,19,000	73,000	27,65,000	...	**27.65.000**	20,78,000	6,87,000	+24,73,000
...	...	...	...	...	...	..	...	...
53,06.000	53,06,000	...	59,80,000	1,88,000	**61.68.000**	61.68,000	...	+8,62,000
94,02,000	94,02,000	...	60,67,000	...	**60,67,000**	60,67,000	...	—33,35,000
1,50.00.000	1,49,27,000	73,000	1,48,12,000	1,88.000	**1,50,00,000**	1,43,13.000	6,87.000	...
93,47,71,000	89.68.97,000	53,78,74,000	92,34,12,000	9,86,01,000	**1,02,80,13,000**	47,65,16,000	55,14,97,000	+9,32,42,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1919-1920.					BUDGET	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	R	R	R	R	R	R	R
Brought forward .	77,15,95,901	8,35,70,280	**85,51,66,181**	38,32,42,829	47,19,23,352	84,24,29,000	9,23,42,000
Railways—							
38.—State Railways: Interest on Debt .	7,63,56,062	3,67,30,270	**11,30,86,332**	11,30,86,332	...	9,24,39,000	3,75,69,000
Interest on Capital contributed by Companies.	6,80,108	2,09,72,470	**2,16,52,578**	2,16,52,578	...	8,53,000	2,15,35,000
Annuities in purchase of Railways . .	...	3,35,75,590	**3,35,75,590**	3,35,75,590	...	...	3,35,76,000
Sinking Funds . .	...	25,57,070	**25,57,070**	25,57,070	...	...	27,04,000
40.—Subsidised Companies: Land, etc. .	3,72,085	...	**3,72,085**	3,61,973	10,112	5,17,000	...
41.—Miscellaneous Railway Expenditure .	80,65,416	...	**80,65,416**	80,64,357	1,059	12,01,000	9,30,000
TOTAL .	8,54,73,671	9,38,35,400	**17,93,09,071**	17,92,97,900	11,171	9,50,10,000	9,63,14,000
Irrigation—							
42.—Major Works: Working Expenses .	2,34,80,105	160	**2,34,80,265**	1,15,47,459	1,19,32,806	2,20,53,000	...
Interest on Debt . .	2,16,12,154	12,50,980	**2,28,63,134**	1,16,35,525	1,12,27,609	2,25,17,000	12,57,000
43.—Minor Works and Navigation . .	1,71,43,788	380	**1,71,44,168**	58,08,103	1,13,36,065	2,00,28,000	...
TOTAL .	6,22,36,047	12,51,520	**6,34,87,567**	2,89,91,087	3,44,96,480	6,45,98,000	12,57,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues . . .	1,04,249	...	**1,04,249**	...	1,04,249	60,000	...
45.—Civil Works	10,50,47,895	12,19,400	**10,62,67,295**	1,61,56,018	9,01,11,277	13,57,04,000	5,32,000
TOTAL .	10,51,52,144	12,19,400	**10,63,71,544**	1,61,56,018	9,02,15,526	13,57,64,000	5,32,000
Military Services—							
46.—Army: Effective	71,34,47,549	3,56,32,040	**74,90,79,589**	74,90,79,589	...	39,42,68,000	6,20,84,000
Non-Effective	1,81,77,280	2,98,31,600	**4,80,08,880**	4,80,08,880	...	2,91,05,000	3,09,71,000
	73,16,24,829	6,54,63,640	**79,70,88,469**	79,70,88,469	...	42,33,73,000	9,30,55,000
46A.—Marine	72,40,320	88,96,550	**1,61,36,870**	1,61,36,870	...	74,28,000	49,39,000
47.—Military Works	5,81,30,914	11,76,090	**5,93,07,004**	5,93,07,004	...	4,32,75,000	11,50,000
TOTAL .	79,69,96,063	7,55,36,280	**87,25,32,343**	87,25,32,343	...	47,40,76,000	9,91,44,000
Appropriation from Revenue for meeting deficiency in Paper Currency Reserve	...	...	...	...	...	8,75,00,000	...
Adjustment on account of the difference in exchange due to the adoption of the 2*s.* basis for conversion .	10,89,57,445	...	**10,89,57,445**	10,89,57,445	...	...	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	1,93,04,11,271	25,54,12,880	**2,18,58,24,151**	1,58,91,77,622	59,66,46,529	1,69,93,77,000	28,95,89,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year .	1,10,68,419	...	**1,10,68,419**	...	1,10,68,419	...	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances .	*42,53,421*	...	***42,53,421***	...	*42,53,421*	*6,16,65,000*	...
Total Expenditure charged to Revenue .	1,93,72,26,269	25,54,12,880	**2,19,26,39,149**	1,58,91,77,622	60,34,61,527	1,63,77,12,000	28,95,89,000

Revenues of India, in India and in England—*continued.*

ESTIMATE, 1920-1921.			REVISED ESTIMATE, 1920-1921.					Increase + Decrease— as compared with Budget Estimate, 1920-1921.
Total.	Distribution of Total between		India.	England.	Total.	Distribution of Total between.		
	Imperial.	Provincial.				Imperial.	Provincial.	
₹	₹	₹	₹	₹	₹	₹	₹	₹
93,47,71,000	39,68,97,000	53,78,74,000	92,84,12,000	9,96,01,000	**1,02,80,13,000**	47,65,16,000	55,14,97,000	+9,32,42,000
13,00,08,000	13,00,08,000	...	10,46,46,000	3,77,47,000	**14,23,93,000**(a)	14,23,93,000	...	+1,23,85,000
2,23,88,000	2,23,88,000	...	32,72,000	2,11,51,000	**2,44,23,000**	2,44,23,000	...	+20,35,000
3,35,76,000	3,35,76,000	...	47,96,000	3,35,75,000	**3,83,71,000**	3,83,71,000	...	+47,95,000
27,04,000	27,04,000	...	3,87,000	27,09,000	**30,96,000**	30,96,000	...	+3,92,000
5,17,000	5,00,000	17,000	6,36,000	...	**6,36,000**	6,21,000	15,000	+1,19,000
21,31,000	21,30,000	1,000	21,32,000	14,49,000	**35,81,000**	34,80,000	1,01,000	+14,50,000
19,13,24,000	19,13,06,000	18,000	11,58,69,000	9,66,31,000	**21,25,00,000**	21,23,84,000	1,16,000	+2,11,76,000
2,20,53,000	1,07,70,000	1,12,83,000	2,56,53,000	23,000	**2,56,76,000**	1,24,12,000	1,32,64,000	+36,23,000
2,37,74,000	1,23,67,000	1,14,07,000	2,30,01,000	12,57,000	**2,42,58,000**(a)	1,27,89,000	1,14,69,000	+4,84,000
2,60,28,000	62,28,000	1,38,00,000	1,98,11,000	1,000	**1,98,12,000**	52,83,000	1,45,29,000	—2,16,000
6,58,55,000	2,93,65,000	3,64,90,000	6,84,65,000	12,81,000	**6,97,46,000**	3,04,84,000	3,92,62,000	+38,91,000
60,000	...	60,000	23,10,000	...	**23,10,000**	...	23,10,000	+22,50,000
13,62,36,000	2,05,17,000	11,57,19,000	11,92,36,000	3,08,000	**11,95,44,000**	1,79,31,000	10,16,13,000	—1,66,92,000
13,62,96,000	2,05,17,000	11,57,79,000	12,15,46,000	3,08,000	**12,18,54,000**	1,79,31,000	10,39,23,000	—1,44,42,000
45,63,52,000	45,63,52,000	...	52,96,10,000	7,95,79,000	**60,91,89,000**	60,91,89,000	...	+15,28,37,000
6,00,76,000	6,00,76,000	...	2,38,63,000	3,24,51,000	**5,63,14,000**	5,63,14,000	...	—37,62,000
51,64,28,000	51,64,28,000	...	55,34,73,000	11,20,30,000	**66,55,03,000**	66,55,03,000	...	+14,90,75,000
1,23,67,000	1,23,67,000	...	62,61,000	57,31,000	**1,19,92,000**	1,19,92,000	...	—3,75,000
4,44,25,000	4,44,25,000	...	5,89,16,000	15,43,000	**6,04,59,000**	6,04,59,000	...	+1,60,34,000
57,32,20,000	57,32,20,000	...	61,86,50,000	11,93,04,000	**73,79,54,000**	73,79,54,000	...	+16,47,34,000
8,75,00,000	8,75,00,000	...	...	...	...	...	...	—8,75,00,000
...	...	...	...	...	...	...	...	...
1,98,89,66,000	1,29,88,05,000	69,01,61,000	1,85,29,42,000	31,71,25,000	**2,17,00,67,000**	1,47,52,69,000	69,47,98,000	+18,11,01,000
...	...	...	8,26,89,000	...	**8,26,89,000**	...	8,26,89,000	+,26,89,000
6,16,65,000	...	*6,16,65,000*	*6,89,07,000*	...	***6,89,07,000***	...	*6,89,07,000*	—72,42,000
1,93,73,01,000	1,29,88,05,000	62,84,96,000	1,86,67,24,000	31,71,25,000	**2,18,38,49,000**	1,47,52,69,000	70,85,80,000	+25,65,48,000

(a) Difference between these figures and the corresponding deductions under "13.—Interest on Debt" represents an adjustment for exchange.

C.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1919-20.	Revised, 1920-21.
Madras—	R	R
Balance on April 1st	2,10,28,558	2,05,93,000
Special grants from Imperial revenues	38,35,000	35,85,000
Other revenue	9,39,15,823	9,39,71,000
Total Revenue including transfers from Imperial revenues	9,77,50,823	9,75,56,000
Total Expenditure	9,81,86,610	11,51,22,000
Closing Balance	2,05,92,771	30,27,000
Bombay—		
Balance on April 1st	4,40,69,895	4,43,95,000
Special grants from Imperial revenues	33,68,200	29,42,000
Other revenue	10,91,18,641	11,07,22,000
Total Revenue including transfers from Imperial revenues	11,24,86,841	11,36,64,000
Total Expenditure	11,21,62,033	12,71,35,000
Closing Balance	4,43,94,703	3,09,24,000
Bengal—		
Balance on April 1st	3,72,00,545	4,19,98,000
Special grants from Imperial revenues	50,53,900	53,50,000
Other revenue	7,91,61,812	7,84,01,000
Total Revenue including transfers from Imperial revenues	8,42,15,712	8,37,51,000
Total Expenditure	7,94,18,580	9,12,70,000
Closing Balance	4,19,97,677	3,44,79,000
United Provinces—		
Balance on April 1st	2,52,55,883	2,20,87,000
Special grants from Imperial revenues	36,77,500	34,35,000
Other revenue	7,89,11,196	8,30,52,000
Total Revenue including transfers from Imperial revenues	8,25,88,696	8,64,87,000
Total Expenditure	8,57,57,224	9,97,27,000
Closing Balance	2,20,87,355	88,47,000
Punjab—		
Balance on April 1st	2,30,95,145	2,59,64,000
Special grants from Imperial revenues	22,14,900	19,81,000
Other revenue	6,37,79,739	6,62,87,000
Total Revenue including transfers from Imperial revenues	6,59,94,639	6,82,68,000
Total Expenditure	6,31,25,377	7,40,89,000
Closing Balance	2,59,64,407	2,01,43,000
Burma—		
Balance on April 1st	1,31,98,497	1,43,67,000
Special grants from Imperial revenues	17,93,800	15,29,000
Rice Profits	...	9,25,26,000
Other revenue	6,59,42,112	7,22,35,000
Total Revenue including transfers from Imperial revenues	6,77,35,912	16,62,90,000
Total Expenditure	6,65,66,927	8,37,21,000
Closing Balance	1,43,67,482	9,69,36,000
Bihar and Orissa—		
Balance on April 1st	1,52,91,664	1,46,43,000
Special grants from Imperial revenues	25,63,500	25,95,000
Other revenue	3,38,43,109	3,60,41,000
Total Revenue including transfers from Imperial revenues	3,64,06,609	3,86,36,000
Total Expenditure	3,70,55,715	4,22,64,000
Closing Balance	1,46,42,558	1,10,15,000
Central Provinces—		
Balance on April 1st	1,27,05,222	1,33,18,000
Special grants from Imperial revenues	13,42,500	13,11,000
Other revenue	3,61,42,026	3,32,55,000
Total Revenue including transfers from Imperial revenues	3,74,84,526	3,45,66,000
Total Expenditure	3,68,71,721	4,22,28,000
Closing Balance	1,33,18,027	56,56,000
Assam—		
Balance on April 1st	44,12,600	57,08,000
Special grants from Imperial revenues	6,77,500	6,63,000
Other revenue	1,81,20,269	1,86,99,000
Total Revenue including transfers from Imperial revenues	1,87,97,769	1,93,62,000
Total Expenditure	1,75,02,342	1,92,42,000
Closing Balance	57,08,027	58,28,000
Total—		
Balance on April 1st	19,62,58,009	20,30,73,000
Special grants from Imperial revenues	2,45,26,800	2,33,91,000
Rice Profits credited to the Provincial revenues of Burma	...	9,25,26,000
Other revenue	57,89,34,727	59,26,63,000
Total Revenue including transfers from Imperial revenues	60,34,61,527	70,85,80,000
Total Expenditure	59,66,46,529	69,47,98,000
Closing Balance	20,30,73,007	21,68,55,000

D. DEWAR,
Auditor General.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 1, 1921.

D.—Abstract Statement of the Net Revenue and Net Expenditure of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		ACCOUNTS, 1919-1920.					REVISED ESTIMATE, 1920-1921.	
		Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
			Refunds and Assignments.	Cost of Collection and Production.				
Revenue Heads.		R	R	R	R	R	R	R
Principal Heads of Revenue	Land Revenue (excluding that due to Irrigation)	33,91,49,146	1,17,89,402	6,44,49,549	26,29,10,195		23,35,30,000	
	Opium	4,55,62,212	54,084	1,29,85,582	3,25,22,546		2,39,57,000	
	Salt	5,74,79,319	48,41,857	81,02,484	4,45,34,978		4,88,93,000	
	Stamps	10,91,17,665	12,05,392	30,08,608	10,49,03,665		10,60,95,000	
	Excise	19,25,94,029	26,40,461	91,53,205	18,08,00,363		18,69,68,000	
	Provincial Rates	5,34,730	3,132	...	5,31,598		6,10,000	
	Customs	22,48,32,802	1,03,78,081	46,70,530	20,97,84,191		32,14,42,000	
	Income Tax	23,20,78,443	77,37,263	15,27,269	22,28,13,911		19,58,66,000	
	Forest	5,36,75,794	3,41,343	3,19,98,909	2,13,35,542		2,12,22,000	
	Registration	1,08,54,940	22,148	48,76,151	59,56,641		55,44,000	
	Tributes	93,28,825	31,01,882	...	62,26,943		61,14,000	
	TOTAL	1,27,52,07,905	4,21,15,045	14,07,72,287	1,09,23,20,573		1,15,02,41,000	
			18,28,87,332					
Total deduction from Revenue								
Expenditure Heads.								
Debt Services	Interest	5,05,86,915	11,51,64,408		...	6,45,77,493		7,95,36,000
Commercial Services	Posts and Telegraphs	9,20,39,509	6,84,71,526		2,35,67,983			4,86,000
	Railways	31,83,58,664	17,93,09,071		13,90,49,593		5,07,87,000	
	Irrigation	8,74,93,023	6,34,87,567		2,40,05,456		2,32,29,000	
Other Public Works	Civil Works, etc.	55,49,014	10,63,71,544			10,08,22,530		11,49,90,000
Mint	Mint	2,67,99,113	48,54,314		2,19,44,799		40,92,000	
Civil Departments	Civil Departments	3,39,49,397	38,33,99,992			34,94,50,595		41,38,30,000
Miscellaneous Civil Services	Superannuation	32,17,017	4,51,49,944			4,19,32,927		4,53,54,000
	Exchange	...	...					2,63,30,000
	Miscellaneous	2,18,67,357	1,10,93,710		1,07,73,647		10,62,83,000	
	Other heads	19,90,165	2,70,69,029			2,50,78,864		3,25,05,000
Famine Relief and Insurance	Famine Relief	...	1,17,46,559			1,17,46,559		27,65,000
	Other heads	...	53,29,367			53,29,367		1,22,35,000
Military Services	Army — Effective	3,19,58,553	74,90,79,589			71,71,21,036		58,13,97,000
	Army — Non-effective	13,93,938	4,80,08,880			4,66,14,942		5,49,36,000
	Marine	40,72,325	1,61,36,870			1,20,64,545		89,92,000
	Military works	16,27,429	5,93,07,004			5,76,79,575		5,89,27,000
	TOTAL	1,95,61,10,324	2,07,68,66,706			12,07,56,382		9,76,51,000
Provincial Adjustment	Surplus	...	68,14,998			68,14,998		1,37,82,000
	Deficit	...	...					
Adjustment on account of the difference in exchange due to the adoption of 2s. basis for conversion		...	10,89,57,445			10,89,57,445		
	TOTAL	1,95,61,10,324	2,19,26,39,149					
	Surplus					...		...
	Deficit					23,65,28,825		11,14,33,000

D. DEWAR,
Auditor General.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 1, 1921.

BUDGET

OF THE

GOVERNMENT OF INDIA,

MARCH 1921.

PART II.

ACCOUNTS	1919-20
REVISED ESTIMATES	1920-21
BUDGET ESTIMATES	1921-22

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.
		R	R	R
Revenue—				
Principal Heads of Revenue—				
Customs	A.	21,46,69,935	32,73,51,000	37,73,28,000
Taxes on Income	„	22,43,41,180	19,81,18,000	18,58,07,000
Salt	„	5,70,83,914	6,14,93,000	7,00,66,000
Opium	„	4,55,61,793	3,62,31,000	3,72,85,000
Other Heads	„	2,28,51,068	2,34,01,000	2,44,80,000
TOTAL PRINCIPAL HEADS		56,45,07,890	64,65,94,000	69,49,66,000
Railways: Net Receipts	„	31,76,99,344	26,22,82,000	27,25,13,000
Irrigation: Net Receipts	„	4,77,574	4,23,000	4,24,000
Posts and Telegraphs: Net Receipts	„	2,95,81,944	1,68,54,000	3,62,74,000
Debt Services	„	4,91,53,669	3,74,30,000	3,49,09,000
Civil Administration	„	62,16,530	75,08,000	76,35,000
Currency, Mint and Exchange	„	5,71,29,088	2,86,06,000	49,73,000
Buildings, Roads and Miscellaneous Public Improvements	„	10,04,444	11,42,000	10,38,000
Miscellaneous	„	1,75,69,707	2,48,00,000	7,45,36,000
Military Receipts	„	3,90,52,245	3,37,02,000	4,11,10,000
Contributions and Assignments to the Central Government by Provincial Governments	„	9,83,00,000	9,83,00,000	12,95,06,000
TOTAL REVENUE		1,18,06,92,435	1,15,76,41,000	1,29,78,84,000
Deficit		20,08,20,892	18,76,66,000	...
TOTAL		1,38,15,13,327	1,34,53,07,000	1,29,78,84,000

D. DEWAR,
Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 1, 1921.

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.
		R	R	R
Expenditure—				
Direct Demands on the Revenues	B.	3,50,93,737	3,90,86,000	4,95,26,000
Railways: Interest and Miscellaneous Charges	„	17,95,97,900	21,13,44,000	23,16,63,000
Irrigation	„	18,18,367	11,97,000	11,76,000
Posts and Telegraphs Capital Account	„	60,13,961	1,73,40,000	2,10,02,000
Debt Services	„	13,58,92,647	13,77,38,000	13,08,61,000
Civil Administration	„	7,96,15,566	9,25,96,000	8,43,08,000
Currency, Mint and Exchange	„	96,49,360	3,77,66,000	4,18,80,000
Buildings, Roads and Miscellaneous Public Improvements	„	1,49,75,167	1,78,28,000	1,51,11,000
Miscellaneous	„	4,00,00,279	4,61,34,000	4,45,37,000
Military Services	„	87,25,32,343	73,79,54,000	66,31,10,000
Miscellaneous adjustments between the Central and Provincial Governments	„	63,24,000	63,24,000	62,84,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,38,15,13,327	1,34,53,07,000	1,28,94,58,000
SURPLUS		...	...	84,26,000
TOTAL		1,38,15,13,327	1,34,53,07,000	1,29,78,84,000

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
		R	R	R
Surplus	C	...	...	84,26,000
Railway, Irrigation and other Capital not charged to Revenue—				
Capital contributed by Railway Companies and Indian States towards construction of State Railways	„	—53,121	—7,03,000	3,99,34,000
Deposits of Branch line Companies (net)	„	39,543	...	...
TOTAL CAPITAL ACCOUNT RECEIPTS	...	—13,578	—7,03,000	3,99,34,000
Debt, Deposits and Advances—				
Permanent Debt (net incurred)	„	7,16,65,986	37,44,99,000	17,87,93,000
Temporary Debt (net incurred)	„	1,74,04,531	18,07,33,000	...
Balances of Provincial Governments	„	68,14,998	1,37,82,000	...
Unfunded Debt (net incurred)	„	1,01,07,610	3,20,40,000	4,14,66,000
Deposits and Advances (net)	„	42,68,45,437	...	13,88,81,000
Loans and Advances by Central Government (net Repayments)	„	15,45,808	12,75,000	18,23,000
Remittances (net)	„	...	2,67,11,000	3,10,24,000
Secretary of State's Bills drawn	„	46,83,93,280	...	...
Sterling Transfers on London drawn	„	36,81,60,000	30,98,80,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	1,37,09,37,650	93,89,20,000	39,19,87,000
TOTAL RECEIPTS	...	1,37,09,24,072	93,82,17,000	44,03,47,000
Opening Balance—India	...	25,95,03,870	26,47,59,962	13,31,16,962
England	...	22,07,37,405	11,99,73,930	10,22,81,930
TOTAL	...	1,85,11,65,347	1,32,29,50,892	67,57,45,892

D. DEWAR,
Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 1, 1921.

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
		₹	₹	₹
Deficit carried forward from Statement I in Part I	C	23,65,28,825	11,14,33,000	...
Railway, Irrigation and other Capital not charged to Revenue—				
Construction of State Railways	C	14,18,34,721	25,53,17,000	17,81,56,000
Construction of Irrigation Works	„	24,64,507	65,17,000	3,14,000
Initial expenditure on new Capital at Delhi	„	50,35,427	1,24,21,000	1,06,89,000
Bombay Development Scheme	„	...	57,18,000	...
Payments for discharge of Debentures (net)	„	67,95,000	49,20,000	3,99,34,000
Deposits of Branch line Companies (net)	„	...	2,95,000	1,53,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	15,61,29,655	28,51,88,000	22,92,46,000
Debt, Deposits and Advances—				
Permanent Debt (net discharged)	„	...	...	...
Temporary Debt (net discharged)	„	...	...	20,17,29,000
Balances of Provincial Governments (net)	„	...	...	6,32,84,000
Deposits and Advances (net)	„	...	31,96,33,000	...
Loans and Advances by Provincial Governments (net Advances)	„	1,20,08,275	5,35,28,000	...
Loans between Central and Provincial Governments (net Advances)	„	...	...	1,19,56,000
Remittances (net)	„	17,43,59,455	...	...
Secretary of State's Bills paid	„	46,83,93,280	...	...
Sterling Transfers on London paid	„	35,90,25,000	31,77,70,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	1,01,37,86,010	69,09,31,000	27,69,69,000
TOTAL DISBURSEMENTS	...	1,40,64,44,490	1,08,75,52,000	50,62,15,000
Closing Balance—India	...	26,47,59,962	13,31,16,962	12,88,88,962
England	...	17,99,60,895	10,22,81,930	4,06,41,930
TOTAL	...	1,85,11,65,347	1,32,29,50,892	67,57,45,892

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

A.—Statement of the Revenue of the

HEADS OF REVENUE.	Accounts, 1919-20.			Revised Estimate,	
	India.	England.	Total.	India.	England.
	₹	₹	₹	₹	₹
Principal Heads of Revenue—					
I.—Customs	21,46,69,935	...	**21,46,69,935**	32,73,51,000	...
II.—Taxes on Income	22,43,41,180	...	**22,43,41,180**	19,81,18,000	...
III.—Salt	5,70,83,914		**5,70,83,914**	6,14,93,000	...
IV.—Opium	4,55,61,793	...	**4,55,61,793**	3,62,31,000	...
V.—Land Revenue	40,31,021	...	**40,31,021**	41,65,000	...
VI.—Excise	53,83,898	...	**53,83,898**	57,41,000	...
VII.—Stamps—					
A. Non-judicial	8,40,008	...	**8,40,008**	10,08,000	...
B. Judicial	12,50,261	...	**12,50,261**	14,20,000	...
VIII.—Forest	22,93,983	...	**22,93,983**	19,04,000	...
IX.—Registration	1,49,752	...	**1,49,752**	1,65,000	...
X.—Tributes from Indian States	89,02,145	...	**89,02,145**	89,98,000	...
	56,45,07,890	...	**56,45,07,890**	64,65,94,000	...
Railways—					
XI.—State Railways—					
Gross Receipts	79,01,40,545	4,86,070	**79,06,26,615**	81,81,39,000	4,86,000
Deduct—Working Expenses	*45,45,55,861*	*6,53,620*	***45,52,09,481***	*54,12,85,000*	*9,10,000*
Surplus Profits paid to Companies	*2,00,92,140*	...	***2,00,92,140***	*1,68,34,000*	...
Net receipts	31,54,92,544	—1,67,550	**31,53,24,994**	26,00,20,000	—4,24,000
XII.—Subsidised Companies	1,93,470	21,80,880	**23,74,350**	5,44,000	21,42,000
	31,56,86,014	20,13,330	**31,76,99,344**	26,05,64,000	17,18,000
Irrigation—					
XIII.—Works for which capital accounts are kept	4,85,781	—9,210	**4,76,571**	4,93,000	—73,000
XIV.—Works for which no capital accounts are kept	1,003	...	**1,003**	3,000	...
	4,86,784	—9,210	**4,77,574**	4,96,000	—73,000
Posts and Telegraphs—					
Gross Receipts	9,19,95,299	10,52,270	**9,30,47,569**	9,82,94,000	14,91,000
Deduct—Working Expenses	*6,29,09,175*	*5,56,450*	***6,34,65,625***	*8,25,29,000*	*4,02,000*
Net Receipts	2,90,86,124	4,95,820	**2,95,81,944**	1,57,65,000	10,89,000
Debt Services—					
XVI.—Interest	3,51,21,309	73,61,940	**4,24,83,249**	3,52,99,000	21,31,000
Carried over	94,48,88,121	98,61,880	**95,47,50,001**	95,87,18,000	48,65,000

(*a*) Represents net receipts after deduction of ₹1,83,20,000 for refunds the whole of which is voted.
(*b*) Out of this, ₹48,20,000 is non-voted and the balance of ₹58,21,72,000 is voted.
(*c*) The whole of this amount is voted.

Central Government, in India and in England.

1920-21.	Budget Estimate, 1921-22.			Increase (+) Decrease (−) of Budget, 1921-22, as compared with Revised Estimate, 1920-21.
Total.	India.	England	Total.	
R	R	R	R	R
32,73,51,000	37,73,28,000	...	**37,73,28,000**	+4,99,77,000
19,81,18,000	18,58,07,000	...	**18,58,07,000**	−1,23,11,000
6,14,93,000	7,00,66,000	...	**7,00,66,000**	+85,73,000
3,62,31,000	3,72,85,000	...	**3,72,85,000**	+10,54,000
41,65,000	42,98,000	...	**42,98,000**	+1,33,000
57,41,000	57,36,000	...	**57,36,000**	−5,000
10,08,000	11,31,000	...	**11,31,000**	+1,23,000
14,20,000	14,79,000	...	**14,79,000**	+59,000
19,04,000	29,87,000	...	**29,87,000**	+10,83,000
1,65,000	1,53,000	...	**1,53,000**	−12,000
89,98,000	86,96,000	...	**86,96,000**	−3,02,000
64,65,94,000	69,49,66,000	...	**69,49,66,000** (a)	+4,83,72,000
81,86,25,000	87,00,97,000	4,86,000	**87,05,83,000**	+5,19,58,000
54,21,95,000	*58,60,82,000*	*9,10,000*	***58,69,92,000*** (b)	−4,47,97,000
1,68,34,000	*1,32,00,000*	...	***1,32,00,000*** (c)	+36,34,000
25,95,96,000	27,08,15,000	−4,24,000	**27,03,91,000**	+1,07,95,000
26,86,000	5,62,000	15,60,000	**21,22,000**	−5,64,000
26,22,82,000	27,13,77,000	11,36,000	**27,25,13,000**	+1,02,31,000
4,20,000	4,78,000	−57,000	**4,21,000** (d)	+1,000
3,000	3,000	...	**3,000**	...
4,23,000	4,81,000	−57,000	**4,24,000**	+1,000
9,97,85,000	12,37,19,000	11,65,000	**12,48,84,000**	+2,50,99,000
8,29,31,000	*8,82,55,000*	*3,55,000*	***8,86,10,000*** (e)	−56,79,000
1,68,54,000	3,54,64,000	8,10,000	**3,62,74,000**	+1,94,20,000
3,74,30,000	3,36,97,000	12,12,000	**3,49,09,000**	−25,21,000
96,35,83,000	1,03,59,85,000	31,01,000	**1,03,90,86,000**	+7,55,03,000

(*d*) Represents net receipts after deduction of R13,25,000 for working expenses of which R57,000 is non-voted and the balance of R12,68,000 is voted.

(*e*) Out of this R18,10,000 is non-voted and R8,68,00,000 voted.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1919-20.			Revised Estimate,	
	India.	England.	Total.	India.	England.
	R	R	R	R	R
Brought forward	94,48,88,121	98,61,880	**95,47,50,001**	95,87,18,000	48,65,000
Civil Administration—					
XVII.—Administration of Justice	4,20,313	...	**4,20,313**	3,92,000	...
XVIII.—Jails and Convict Settlements	12,70,354	...	**12,70,354**	10,88,000	...
XIX.—Police	11,64,677	...	**11,64,677**	15,12,000	...
XX.—Ports and Pilotage	19,66,513	..	**19,66,513**	22,74,000	...
XXI.—Education	1,11,363	...	**1,11,363**	1,12,000	...
XXII.—Medical	26,141	1,460	**27,601**	35,000	2,000
XXIII.—Public Health	2,46,321	...	**2,46,321**	6,00,000	...
XXIV.—Agriculture	4,02,308	...	**4,02,308**	3,62,000	...
XXV.—Industries	...	...	...	3,00,000	...
XXVI.—Miscellaneous Departments	6,07,080	...	**6,07,080**	8,31,000	...
Total	62,15,070	1,460	**62,16,530**	75,06,000	2,000
Currency, Mint and Exchange—					
XXVII.—Currency	72,66,405	2,30,63,570	**3,03,29,975**	90,96,000	1,24,20,000
XXVIII.—Mint	2,67,98,523	590	**2,67,99,113**	70,89,000	1,000
XXIX.—Exchange	...	...	...	...	...
Total	3,40,64,928	2,30,64,160	**5,71,29,088**	1,61,85,000	1,24,21,000
Buildings, Roads and Miscellaneous Public Improvements—					
XXX.—Civil works	10,04,444	...	**10,04,444**	11,42,000	...
Total	10,04,444	...	**10,04,444**	11,42,000	...
Miscellaneous—					
XXXIII.—Receipts in aid of Superannuation	12,14,113	4,43,490	**16,57,603**	12,22,000	4,08,000
XXXIV.—Stationery and Printing	8,42,575	...	**8,42,575**	9,77,000	...
XXXV.—Miscellaneous	1,40,97,609	9,71,920	**1,50,69,529**	1,24,79,000	97,14,000
Total	1,61,54,297	14,15,410	**1,75,69,707**	1,46,78,000	1,01,22,000
Military Receipts—					
XXXVI.—Army—					
Effective	2,94,18,603	25,39,950	**3,19,58,553**	2,42,47,000	35,45,000
Non-effective	9,90,028	4,03,910	**13,93,938**	8,78,000	5,00,000
	3,04,08,631	29,43,860	**3,33,52,491**	2,51,25,000	40,45,000
XXXVII.—Marine	40,72,325	...	**40,72,325**	30,00,000	...
XXXVIII.—Military Works	16,27,429	...	**16,27,429**	15,32,000	...
Total	3,61,08,385	29,43,860	**3,90,52,245**	2,96,57,000	40,45,000
Contributions and Assignments to the Central Government by Provincial Governments—					
XXXIX.—Contributions and assignments to the Central Government by Provincial Governments.	9,83,00,000	...	**9,83,00,000**	9,83,00,000	...
XL.—Miscellaneous adjustments between the Central and Provincial Governments.	...	...	...	...	...
Total	9,83,00,000	...	**9,83,00,000**	9,83,00,000	...
TOTAL REVENUE	1,13,67,35,245	3,72,86,770	**1,17,40,22,015**	1,12,61,86,000	3,14,55,000

Government, in India and England—*continued.*

1920-21.	Budget Estimate, 1921-22.			Increase (+) Decrease (—) of Budget, 1921-22, as compared with Revised Estimate, 1920-21.
Total.	India.	England.	Total.	
R	R	R	R	R
96,35,83,000	1,03,59,85,000	31,01,000	**1,03,90,86,000**	+7,55,03,000
3,92,000	3,85,000	...	**3,85,000**	−7,000
10,88,000	10,90,000	...	**10,90,000**	+2,000
15,12,000	12,84,000	...	**12,84,000**	—2,28,000
22,74,000	23,43,000	...	**23,43,000**	+69,000
1,12,000	1,12,000	...	**1,12,000**	...
37,000	29,000	1,000	**30,000**	—7,000
6,00,000	5,97,000	...	**5,97,000**	−3,000
3,62,000	3,75,000	...	**3,75,000**	+13,000
3,00,000	4,00,000	...	**4,00,000**	+1,00,000
8,31,000	10,19,000	...	**10,19,000**	+1,88,000
75,08,000	76,34,000	1,000	**76,35,000**	+1,27,000
2,15,16,000	2,14,000	...	**2,14,000**	−2,13,02,000
70,90,000	47,59,000	...	**47,59,000**	−23,31,000
...	...	...	...	...
2,86,06,000	49,73,000	...	**49,73,000**	−2,36,33,000
11,42,000	10,38,000	...	**10,38,000**	−1,04,000
11,42,000	10,38,000	...	**10,38,000**	−1,04,000
16,30,000	13,71,000	3,89,000	**17,60,000**	+1,30,000
9,77,000	8,89,000	...	**8,89,000**	—88,000
2,21,93,000	6,81,77,000	37,10,000	**7,18,87,000**	+4,96,94,000
2,48,00,000	7,04,37,000	40,99,000	**7,45,36,000**	+4,97,36,000
2,77,92,000	3,39,25,000	28,67,000	**3,67,92,000**	+90,00,000
13,78,000	8,75,000	5,00,000	**13,75,000**	−3,000
2,91,70,000	3,48,00,000	33,67,000	**3,81,67,000**	+89,97,000
30,00,000	14,13,000	...	**14,13,000**	−15,87,000
15,32,000	15,30,000	...	**15,30,000**	—2,000
3,37,02,000	3,77,43,000	33,67,000	**4,11,10,000**	+74,08,000
9,83,00,000	12,94,88,000	...	**12,94,88,000**	+3,11,88,000
...	18,000	...	**18,000**	+18,000
9,83,00,000	12,95,06,000	...	**12,95,06,000**	+3,12,06,000
1,15,76,41,000	1,28,73,16,000	1,05,68,000	**1,29,78,84,000**	+14,02,43,000

LIBRARY OF THE BOMBAY ...

B.—Statement of the Expenditure charged to the Revenues

	ACCOUNTS, 1919-20.			REVISED ESTIMATE, 1920-21.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
	R	R	R	R	R	R
Direct Demands on the Revenues—						
1.—Customs	48,82,284	30,050	**49,12,334**	58,95,000	84,000	**59,79,000**
2.—Taxes on income	15,27,269	1,230	**15,28,499**	22,39,000	53,000	**22,92,000**
3.—Salt	1,25,33,466	51,730	**1,25,85,196**	1,25,45,000	1,05,000	**1,26,50,000**
4.—Opium	1,30,14,647	39,850	**1,30,54,497**	1,22,64,000	80,000	**1,23,44,000**
5.—Land Revenue	17,86,543	5,180	**17,91,723**	20,70,000	5,000	**20,75,000**
6.—Excise	2,04,300	...	**2,04,300**	2,50,000	...	**2,50,000**
7.—Stamps—						
A.—Non-judicial	—18,54,659	...	**—18,54,659**	—13,59,000	6,00,000	**—7,59,000**
B.—Judicial	2,28,185	...	**2,28,185**	3,24,000	...	**3,24,000**
8.—Forests	23,64,320	2,37,300	**26,01,620**	29,75,000	9,07,000	**38,82,000**
9.—Registration	42,042	..	**42,042**	49,000	...	**49,000**
TOTAL	3,47,28,397	3,65,340	**3,50,93,737**	3,72,52,000	18,34,000	**3,90,86,000**
Railway Revenue Account—						
10.—State Railways:						
Interest on Debt	7,63,56,062	3,67,30,270	**11,30,86,332**	10,46,46,000	3,77,47,000	**14,23,93,000** (a)
Interest on capital contributed by Companies	6,80,108	2,09,72,470	**2,16,52,578**	32,72,000	2,11,51,000	**2,44,23,000**
Annuities in purchase of Railways	...	3,35,75,590	**3,35,75,590**	47,96,000	3,35,75,000	**3,83,71,000**
Sinking Funds	...	25,57,070	**25,57,070**	3,87,000	27,09,000	**30,96,000**
11.—Subsidised Companies	3,61,973	...	**3,61,973**	6,21,000	...	**6,21,000**
12.—Miscellaneous Railway Expenditure	80,64,357	3,00,000	**83,64,357**	19,01,000	5,39,000	**24,40,000**
TOTAL	8,54,62,500	9,41,35,400	**17,95,97,900**	11,56,23,000	9,57,21,000	**21,13,44,000**
Irrigation Revenue Account—						
14.—Works for which capital accounts are kept—						
Interest on debt	8,83,915	50,000	**9,33,915**	9,16,000	51,000	**9,67,000**
15.—Miscellaneous Irrigation Expenditure	7,73,008	...	**7,73,008**	1,56,000	...	**1,56,000**
TOTAL	16,56,923	50,000	**17,06,923**	10,72,000	51,000	**11,23,000**
Irrigation Capital Account (charged to Revenue)—						
16.—Construction of Irrigation Works—						
Financed from ordinary revenues	1,11,444	...	**1,11,444**	74,000	...	**74,000**
TOTAL	1,11,444	...	**1,11,444**	74,000	...	**74,000**
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs	—1,81,929	61,95,890	**60,13,961**	61,15,000	1,12,25,000	**1,73,40,000**
Debt Services—						
19.—Interest on Ordinary Debt	14,92,79,916	6,96,21,840	**21,89,01,756**	17,35,40,000	6,61,58,000	**23,96,98,000**
Deduct—Amount chargeable to Railways	*7,63,56,062*	*3,67,30,270*	***11,30,86,332***	*9,92,54,000*	*3,77,47,000*	***13,70,01,000***
„ Amount chargeable to Irrigation	*8,83,915*	*50,000*	***9,33,915***	*9,09,000*	*51,000*	***9,60,000***
Remainder chargeable to Ordinary Debt	7,20,39,939	3,28,41,570	**10,48,81,509**	7,33,77,000	2,83,60,000	**10,17,37,000**
20.—Interest on other Obligations	1,87,11,138	..	**1,87,11,138**	2,36,40,000	...	**2,36,40,000**
21.—Sinking Funds	73,00,000	50,00,000	**1,23,00,000**	73,61,000	50,00,000	**1,23,61,000**
TOTAL	9,80,51,077	3,78,41,570	**13,58,92,647**	10,43,78,000	3,33,60,000	**13,77,38,000**
Carried over	21,98,28,412	13,85,88,200	**35,84,16,612**	26,45,14,000	14,21,91,000	**40,67,05,000**

of the Central Government, in India and England.

BUDGET ESTIMATE, 1921-22.					
India.	England.	Total.	Increase (+) Decrease (—) as compared with Revised, 1920-21.	Distribution of Total into voted and non-voted.	
				Included in demands for grants.	Not submitted to vote.
₹	₹	₹	₹	₹	₹
71,64,000	75,000	**72,39,000**	+12,60,000	66,96,000	5,43,000
29,97,000	39,000	**30,36,000**	+7,44,000	28,57,000	1,79,000
1,58,66,000	65,000	**1,59,31,000**	+32,81,000	1,18,12,000	41,19,000
1,51,79,000	75,000	**1,52,54,000**	+29,10,000	1,50,79,000	1,75,000
22,41,000	1,000	**22,42,000**	+1,67,000	19,89,000	2,53,000
2,44,000	...	**2,44,000**	—6,000	1,72,000	72,000
—8,19,000	20,04,000	**11,85,000**	+19,44,000	24,56,000	—9,62,000
3,09,000	...	**3,09,000**	—15,000		
36,60,000	3,77,000	**40,37,000**	+1,55,000	35,96,000	4,41,000
49,000	...	**49,000**	...	49,000	...
4,68,90,000	26,36,000	**4,95,26,000**	+1,04,40,000	4,47,06,000	48,20,000
11,94,05,000	3,86,66,000	**15,80,71,000** (a)	+1,56,78,000	77,33,000	15,03,38,000
46,72,000	2,18,61,000	**2,65,33,000**	+21,10,000	43,72,000	2,21,61,000
67,15,000	3,35,75,000	**4,02,90,000**	+19,19,000	67,15,000	3,35,75,000
5,79,000	28,94,000	**34,73,000**	+3,77,000	5,79,000	28,94,000
6,00,000	...	**6,00,000**	—21,000	6,00,000	...
20,33,000	6,63,000	**26,96,000**	+2,56,000	14,90,000	12,06,000
13,40,04,000	9,76,59,000	**23,16,63,000**	+2,03,19,000	2,14,89,000	21,01,74,000
9,85,000	...	**9,85,000**	+18,000	...	9,85,000
1,31,000	...	**1,31,000**	—25,000	1,31,000	...
11,16,000	...	**11,16,000**	—7,000	1,31,000	9,85,000
60,000	...	**60,000**	—14,000	45,000	15,000
60,000	...	**60,000**	—14,000	45,000	15,000
95,27,000	1,14,75,000	**2,10,02,000**	+36,62,000	2,10,02,000	...
17,08,00,000	6,79,07,000	**23,87,07,000**	—9,91,000		
11,16,72,000	*3,86,66,000*	***15,03,38,000***	—1,33,37,000		
9,85,000	...	***9,85,000***	—25,000		
5,81,43,000	2,92,41,000	**8,73,84,000**	—1,43,53,000	...	8,73,84,000
2,30,77,000	...	**2,30,77,000**	—5,63,000	2,30,77,000	...
1,54,00,000	50,00,000	**2,04,00,000**	+80,39,000	...	2,04,00,000
9,66,20,000	3,42,41,000	**13,08,61,000**	—68,77,000	2,30,77,000	10,77,84,000
28,82,17,000	14,60,11,000	**43,42,28,000**	+2,75,23,000	11,04,50,000	32,37,78,000

(a) The difference between these figures and the deduction under head "19 Interest on Ordinary Debt" represents adjustment for Exchange.

B.—Statement of the Expenditure charged to the Revenues

	ACCOUNTS, 1919-20.			REVISED ESTIMATE, 1920-21.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
	₹	₹	₹	₹	₹	₹
Brought forward	21,98,28,412	13,85,88,200	**35,84,16,612**	26,45,14,000	14,21,91,000	**40,67,05,000**
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils.	8,92,243	...	**8,92,243**	20,02,000	...	**20,02,000**
B.—Legislative Bodies	1,80,693	...	**1,80,693**	1,69,000	...	**1,69,000**
C.—Secretariat and headquarters establishment.	57,51,292	...	**57,51,292**	77,49,000	...	**77,49,000**
D.—Commissioners	...	...	...	...	...	...
E.—Home Administration	...	46,89,390	**46,89,390**	...	65,13,000	**65,13,000**
23.—Audit	41,67,773	1,23,920	**42,91,693**	52,79,000	3,00,000	**55,79,000**
24.—Administration of Justice	12,85,357	10,010	**12,95,367**	14,62,000	23,000	**14,85,000**
25.—Jails and Convict Settlements	29,26,096	1,63,160	**30,89,256**	36,34,000	17,000	**36,51,000**
26.—Police	65,00,357	79,700	**65,80,057**	71,33,000	83,000	**72,16,000**
27.—Ports and Pilotage	29,86,172	...	**29,86,172**	20,02,000	...	**20,02,000**
28.—Ecclesiastical	20,22,847	1,56,090	**21,78,937**	25,73,000	2,77,000	**28,50,000**
29.—Political	3,11,25,541	7,07,100	**3,18,32,641**	3,18,69,000	7,69,000	**3,26,38,000**
30.—Scientific Departments	39,83,412	5,07,470	**44,90,882**	52,74,000	19,12,000	**71,86,000**
31.—Education	22,63,422	1,63,240	**24,26,662**	27,15,000	2,32,000	**29,47,000**
32.—Medical	16,06,391	60,860	**16,67,251**	21,35,000	1,36,000	**22,71,000**
33.—Public Health	20,87,687	45,290	**21,32,977**	28,61,000	26,000	**28,87,000**
34.—Agriculture	14,67,384	14,380	**14,81,764**	17,47,000	40,000	**17,87,000**
35.—Industries	22,683	24,120	**46,803**	5,24,000	5,000	**5,29,000**
36.—Aviation	1,781	...	**1,781**	4,00,000	10,000	**4,10,000**
37.—Miscellaneous Departments	35,69,505	30,200	**35,99,705**	27,03,000	22,000	**27,25,000**
TOTAL	7,28,40,636	67,74,930	**7,96,15,566**	8,22,31,000	1,03,65,000	**9,25,96,000**
Currency, Mint and Exchange—						
38.—Currency	32,38,546	15,06,980	**47,45,526**	33,68,000	50,20,000	**83,88,000**
39.—Mint	42,80,774	6,23,060	**49,03,834**	23,72,000	6,76,000	**30,48,000**
40.—Exchange	...	...	...	2,63,30,000	...	**2,63,30,000**
TOTAL	75,19,320	21,30,040	**96,49,360**	3,20,70,000	56,96,000	**3,77,66,000**
Buildings, Roads and Miscellaneous Public Improvements—						
41.—Civil Works	1,48,43,032	1,29,430	**1,49,72,462**	1,75,23,000	3,02,000	**1,78,25,000**
42.—Waterways and Embankments	2,705	...	**2,705**	3,000	...	**3,000**
TOTAL	1,48,45,737	1,29,430	**1,49,75,167**	1,75,26,000	3,02,000	**1,78,28,000**
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	26,306	...	**26,306**	20,000	...	**20,000**
44.—Territorial and Political Pensions	28,42,499	1,78,110	**30,20,609**	28,15,000	1,06,000	**29,21,000**
45.—Superannuation Allowances and Pensions	21,52,528	2,04,74,040	**2,26,26,568**	24,32,000	2,19,35,000	**2,43,67,000**
46.—Stationery and Printing	62,15,134	12,97,360	**75,12,494**	63,71,000	19,61,000	**83,32,000**
47.—Miscellaneous	54,89,102	13,25,200	**68,14,302**	97,87,000	7,07,000	**1,04,94,000**
TOTAL	1,67,25,569	2,32,74,710	**4,00,00,279**	2,14,25,000	2,47,09,000	**4,61,34,000**
Military Services—						
48.—Army—						
Effective	71,34,47,549	3,56,32,040	**74,90,79,589**	52,96,10,000	7,95,79,000	**60,91,89,000**
Non-effective	1,81,77,280	2,98,31,600	**4,80,08,880**	2,38,63,000	3,24,51,000	**5,63,14,000**
	73,16,24,829	6,54,63,640	**79,70,88,469**	55,34,73,000	11,20,30,000	**66,55,03,000**
49.—Marine	72,40,320	88,96,550	**1,61,36,870**	62,61,000	57,31,000	**1,19,92,000**
50.—Military Works	5,81,30,914	11,76,090	**5,93,07,004**	5,89,16,000	15,43,000	**6,04,59,000**
TOTAL	79,69,96,063	7,55,36,280	**87,25,32,343**	61,86,50,000	11,93,04,000	**73,79,54,000**
Contributions and Assignments to the Central Government by Provincial Governments—						
52.—Miscellaneous adjustments between the Central and Provincial Governments.	63,24,000	...	**63,24,000**	63,24,000	...	**63,24,000**
TOTAL EXPENDITURE CHARGED TO REVENUE	1,13,50,79,737	24,64,33,590	**1,38,15,13,327**	1,04,27,40,000	30,25,67,000	**1,34,53,07,000**

of the Central Government in India and in England—*continued.*

BUDGET ESTIMATE, 1921-22.					
India.	England.	TOTAL.	Increase (+) Decrease (—) as compared with Revised, 1920-21.	DISTRIBUTION OF TOTAL INTO VOTED AND NON-VOTED. Included in demand for grants.	Not submitted to vote.
R	R	R	R	R	R
28,82,17,000	14,60,11,000	**43,42,28,000**	+2,75,23,000	11,04,50,000	32,37,78,000
21,34,000	...	**21,34,000**	+1,32,000		
7,78,000	7,000	**7,85,000**	+6,16,000	85,27,000	58,30,000
72,58,000	1,91,000	**74,49,000**	—3,00,000		
...	52,000	**52,000**	+52,000		
...	39,37,000	**39,37,000**	—25,76,000		
61,36,000	3,29,000	**64,65,000**	+8,86,000	58,34,000	6,31,000
14,84,000	18,000	**15,02,000**	+17,000	11,85,000	3,17,000
38,11,000	...	**38,11,000**	+1,60,000	36,41,000	1,70,000
78,12,000	52,000	**78,64,000**	+6,48,000	73,22,000	5,42,000
24,22,000	47,000	**24,69,000**	+4,67,000	12,04,000	12,65,000
28,27,000	2,78,000	**31,05,000**	+2,55,000	...	31,05,000
1,99,94,000	9,69,000	**2,09,63,000**	—1,16,75,000	...	2,09,63,000
71,07,000	12,40,000	**83,47,000**	+11,61,000	63,10,000	20,37,000
31,04,000	2,22,000	**33,26,000**	+3,79,000	31,80,000	1,46,000
25,20,000	3,42,000	**28,62,000**	+5,91,000	21,24,000	7,38,000
14,69,000	29,000	**14,98,000**	—13,89,000	13,54,000	1,44,000
18,88,000	44,000	**19,32,000**	+1,45,000	15,02,000	4,30,000
6,97,000	8,000	**7,05,000**	+1,76,000	6,51,000	54,000
66,000	9,000	**75,000**	—3,35,000	55,000	20,000
50,10,000	17,000	**50,27,000**	+23,02,000	43,28,000	6,99,000
7,65,17,000	77,91,000	**8,43,08,000**	—82,88,000	4,72,17,000	3,70,91,000
32,72,000	32,28,000	**65,00,000**	—18,88,000	63,32,000	1,68,000
23,02,000	2,24,000	**25,26,000**	—5,22,000	23,18,000	2,08,000
3,28,54,000	...	**3,28,54,000**	+65,24,000	3,28,54,000	...
3,84,28,000	34,52,000	**4,18,80,000**	+41,14,000	4,15,04,000	3,76,000
1,50,04,000	99,000	**1,51,03,000**	—27,22,000	1,48,59,000	2,44,000
8,000	...	**8,000**	+5,000	8,000	...
1,50,12,000	99,000	**1,51,11,000**	—27,17,000	1,48,67,000	2,44,000
20,000	...	**20,000**	...	20,000	...
28,76,000	1,13,000	**29,89,000**	+68,000	...	29,89,000
31,34,000	2,13,99,000	**2,45,33,000**	+1,66,000	28,36,000	2,16,97,000
62,90,000	17,19,000	**80,09,000**	—3,23,000	1,68,14,000	—88,05,000
79,70,000	10,16,000	**89,86,000**	—15,08,000	55,80,000	34,06,000
2,02,90,000	2,42,47,000	**4,45,37,000**	—15,97,000	2,52,50,000	1,92,87,000
48,02,87,000	6,44,88,000	**54,47,75,000**	—6,44,14,000	...	54,47,75,000
2,59,00,000	3,24,96,000	**5,83,96,000**	+20,82,000	...	5,83,96,000
50,61,87,000	9,69,84,000	**60,31,71,000**	—6,23,32,000	...	60,31,71,000
69,97,000	29,42,000	**99,39,000**	—20,53,000	...	99,39,000
4,95,00,000	5,00,000	**5,00,00,000**	—1,04,59,000	...	5,00,00,000
56,26,84,000	10,04,26,000	**66,31,10,000**	—7,48,44,000	...	66,31,10,000
62,84,000	...	**62,84,000**	—40,000	62,84,000	...
1,00,74,32,000	28,20,26,000	**1,28,94,58,000**	—5,58,49,000	24,55,72,000	1,04,38,86,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1919-1920.			Revised Estimate, 1920-21.			Budget Estimate, 1921-22.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Revenue (from Statement A in Part I for Revised and Part II for Budget)	1,91,86,12,334	5,62,46,985	1,97,48,59,319	2,04,09,85,000	3,14,31,000	2,07,24,16,000	1,28,73,16,000	1,05,6 8,000	1,29,78,84,000
Excess of Revenue over Expenditure charged to Revenue	...	...	**—23,65,28,825**	...	...	**—11,14,33,000**	...	...	**84,26,000**
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital contributed by Railway Companies and Indian States towards construction of State Railways	—15,41,361	(a) 14,88,240	—53,121	—7,03,000	...	—7,03,000	...	3,99,34,000	3,99,34,000
Deposits of Branch line Companies	12,87,127	...	12,87,127	13,39,000	...	13,39,000	12,18,000	...	12,18,000
Net			39,543			**0**			**0**
Permanent Debt Incurred—									
Sterling Debt	...	...		...	...		...	5,00,00,000	
Rupee Debt—									
Rupee Loan	...	...		...	...		15,00,00,000	...	
6 per cent. Bonds 1930	...	...		29,34,70,000	...		...	...	
5½ per cent. War Bonds 1925	1,32,388	...		...	...		...	...	
Do. Do. 1928	5,29,700	...		...	...		...	...	
5 per cent. War Loan 1929-47	9,407	...		5,0 0	...		...	...	
5 per cent. Loan 1945—55	21,28,52,200	...		40,38,000	...		...	...	
3½ per cent. Loans	...	...		6,00,000	...		6,00,000	...	
6½ per cent Bombay Development Loan	...	...		9,38,91,0.0	...		...	...	
Total	21,35,23,695	...	21,35,23,695	39,20,04,000	...	39,20,04,000	15,06,00,000	5,00,00,000	20,06,00,000
Net			7,16,65,986			37,44,99,000			17,87,93,000
Temporary Debt Incurred—									
War Bonds, 1921	—93,049	...		—4,000	...		...	...	
War Bonds, 1923	—3,58,978	...		1,000	...		...	...	
Treasury Bills—									
Issued to public	92,39,80,000	...		72,11,00,000	...		80,69,00,000	...	
Issued to Paper Currency Reserve	10,09,00,000	...		61,26,00,000	...		57,19,00,000	...	
Other Temporary Loans	18,50,05,808	...		3,00,00,000	...		...	...	
Total	1,20,94,33,781	...	1,20,94,33,781	1,36,36,97,000	...	1,36,36,97,000	1,37,88,00,000	...	1,37,88,00,000
Net			1,74,04,531			18 07,33,000			**0**
Balances of Provincial Governments	1,10,68,419	...	1,10,68,419	8,26,89,000	...	8,26,89,000	...	...	...
			68,14,998			1,37,82,000			
Unfunded Debt—									
Post Office Cash Certificates	86,50,400	...		49,53,000	...		36,00,0 0	...	
Deposits of Service Funds	13,66,624	8,865		13,59,00 0	...		13,44,000	...	
Savings Bank Deposits	21,46,67,520	...		23,70,97,000	...		25,22,20,000	...	
Total	22,46,84,544	8,865	22,46,93,409	24,34,09,000	...	24,34,09,0 00	25,71,64,000	...	25,71,64,000
Net			1,01,07,610			3,20,40,000			4,14,66,000
Deposits and Advances—									
Appropriation for reduction of debt	...	...		60,67,000	...		...		
Deposits of Local Funds—									
District Funds	10,67,93,435	...		10,46,77,000	...		10,76,27,000	...	
Other Funds	2,14,07,901	...		2,34,00,000	...		2,48,28 0.0	...	
Deposits of Sinking Funds	2,78,102	...		2,89,000	...		3,01,000	...	
Gold Standard Reserve	...	54,12,58,800		...	1,18,01,16,000		...	1,00,31,64,000	
Paper Currency Reserve	...	2,43,64,46,100		...	1,05,86,73,000		...	8,35,00,000	
Consols Depreciation Fund	...	6,03,180		...	35,20,000		...	...	
Sinking Funds for Rupee Loans	73,00,000	...		73,61,000	...		1,54,00,000	...	
Special Reserve	...	18,08,53,500		...	...		...	...	
Deposit Account with the United States of America	10,96,23,640	...		...	...		...	...	
Exchange on Remittance Account	5,23,07,074	...		...	...		5,03,11,000	...	
Sales of Telegraphic Transfers against Gold received in India	2,98,56,059	...		...	...		...	...	
Departmental and Judicial Deposits	1,48,08,31,803	...		8,40,07,42,000	...		74 34,09,000	...	
Advances	18,04,21,839	4,64,86,365		29,26,32,000	2,04,01,000		19,52,55,000	32,60,000	
Suspense Accounts	19,22,41,395	...		14,25,33,000	...		3,22,02 000	...	
Miscellaneous	78,99,709	3,63,74,955		1,32,57,000	1,88,24,000		6,06,78,000	2,00,20,000	
Total	2,18,89,60,957	3,24,20,22,900	5,43,09,83,857	8,99,09,58,000	2,28,15,34,000	11,27,24,92,000	1,23,00,11,000	1,11,02,44,000	2,34,02,55,000
Net			42,68,45,437			0			13,88,81,000
Carried over	5,76,60,29,496	3,29,97,66,990		13,11,43,78,000	2,31,29,65,000		4,30,51,09,000	1,21,07,46,000	

(a) Represents repayment of Capital outlay in England.

Central Government, in India and in England.

	Accounts, 1919-1920.			Revised Estimate, 1920-21.			Budget Estimate, 1921-22.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Expenditure (from Statement B in Part I for Revised and Part II for Budget)	1,82,14,53,826	38,31,19,320	2,20,45,73,146	1,85,29,42,000	31,71,25,000	2,17,00,67,000	1,00,74,32,000	28,20,26,000	1,28,94,58,000
Add—Provincial Surpluses transferred to "Deposits"	1,10,68,419	...	1,10,68,419	8,26,89,000	...	8,26,89,000			
Deduct—Provincial Deficits charged to "Deposits"	42,53,421	...	42,53,421	6,89,07,000	...	6,89,07,000			
Total	1,82,82,68,824	38,31,19,320	2,21,13,88,144	1,86,67,24,000	31,71,25,000	2,18,38,49,000			
Railway, Irrigation and other Capital not charged to Revenue—									
Construction of Irrigation Works	21,49,207	3,15,300	24,64,507	63,37,000	1,80,000	65,17,000	2,09,000	1,05,000	3,14,000
Construction of State Railways	4,32,92,731	9,85,41,990	14,18,34,721	7,12,36,000	18,40,81,000	25,53,17,000	3,73,77,000	14,07,79,000	(b) 17,81,56,000
Initial expenditure on new Capital at Delhi	47,77,277	2,58,150	50,35,427	1,02,46,000	21,75,000	1,24,21,000	72,42,000	34,47,000	(c) 1,06,89,000
Bombay Development Scheme	...	...	...	57,18,000	...	57,18,000	...	...	...
Payments for discharge of debentures	...	67,95,000	67,95,000	...	49,20,000	49,20,000	...	3,99,34,000	3,99,34,000
Deposits of Branch Line Companies	12,47,584	...	12,47,584	16,34,000	...	16,34,000	13,71,000	...	13,71,000
Net			0			2,95,000			1,53,000
Permanent Debt Discharged—									
Sterling Debt—									
British Government 5 per cent. War Loan, 1929-47	...	13,19,40,000		...	...		...	...	
India Bonds	...	...		...	...		...	...	
India 4 p. c. Stock	...	...		..	...		...	...	
Rupee Debt—									
5½ p. c. War Bonds 1925	1,75,475	...		1,87,000	...		...	...	
Do. Do. 1928	10,12,625	...		22,50,000	...		...	...	
5 p. c. War Loan, 1929-47	73,91,500	...		54,83,000	...		1,12,00,000	...	
5 p. c. Loan 1945-55	...	...		76,73,000	...		87,00,000	...	
4 p. c. Loans	12,00,000	...		12,05,000	...		12,00,000	...	
3½ p. c. Loans	12,809	...		7,000	...		7,000	...	
3 p. c. Loans	1,24,800	...		7,00,000	...		7,00,000	...	
Provincial debentures	500	...		...	...		...	...	
Total	99,17,709	13,19,40,000	14,18,57,709	1,75,05,000	...	1,75,05,000	2,18,07,000	...	2,18,07,000
Net			0			0			0
Temporary Debt Discharged—									
5½ p. c. War Bonds, 1920	61,33,150	...		18,49,23,000	...		68,73,000	...	
Do. Do. 1922	59,16,100	...		4,74,000	...		...	...	
Do. Do. 1921	51,41,900	...		9,36,21,000	...		15,41,56,000	...	
Do. Do. 1923	23,25,100	...		46,000	...		...	...	
Treasury Bills—									
Issued to public	92,35,10,000	...		77,30,00,000	...		80,69,00,000 (d)	...	
Do. Paper Currency Reserve	6,40,00,000	...		16,09,00,000	...		61,26,00,000	...	
Other Temporary Loans	18,50,00,000	...		3,00,00,000	...		...	...	
Total	1,19,20,29,250	...	1,19,20,29,250	1,18,29,64,000	...	1,18,29,64,000	1,58,05,29,000	...	1,58,05,29,000
Net			0			0			20,17,29,000
Balances of Provincial Governments	42,53,421	...	42,53,421	6,89,07,000	...	6,89,07,000	3,02,99,000	3,29,85,000	(e) 6,32,84,000
			0			0			6,32,84,000
Unfunded Debt—									
Post Office Cash Certificates	3,30,70,651	...		1,47,28,000	...		96,00,000	...	
Special Loans	4,831	...		5,000	...		5,000	...	
Deposits of Service Funds	14,81,814	2,640		14,96,000	...		14,76,000	...	
Savings Bank Deposits	18,00,22,863	...		19,51,40,000	...		20,46,17,000	...	
Total	21,45,83,159	2,640	21,45,85,799	21,13,69,000	...	21,13,69,000	21,56,98,000	...	21,56,98,000
Net			0			0			0
Deposits and Advances—									
Deposits of Local Funds—									
District Funds	10,18,09,029	...		10,73,79,000	...		10,82,00,000	...	
Other Funds	2,17,14,013	...		2,24,09,000	...		2,48,15,000	...	
Gold Standard Reserve	...	63,14,85,615		...	1,18,01,16,000		...	1,00,34,64,000	
Paper Currency Reserve	...	2,48,64,46,100		...	1,05,80,73,000		...	8,35,00,000	
Consols Depreciation Fund	...	7,23,765		...	35,22,000		...	...	
Adjustment of exchange on Revaluation of Gold and Sterling Securities in Paper Currency Reserve	...	...		17,47,35,000	...		...	...	
Sinking Funds for Rupee Loans	66,92,344	...		1,07,26,000	...		1,54,00,000	...	
Special Reserve	...	7,67,59,320		...	...		...	...	
Deposit Account with United States of America	4,03,83,851	...		...	...		...	...	
Exchange on Remittance Account	...	...		23,49,47,000	...		...	...	
Sales of Telegraphic Transfers against Gold received in India	2,98,56,059	...		...	...		...	...	
Departmental and Judicial Deposits	1,42,02,13,470	...		8,41,66,90,000	...		75,25,72,000	...	
Advances	16,52,98,650	4,90,41,165		30,67,34,000	2,98,85,000		19,64,55,000	30,01,000	
Suspense Accounts	99,71,923	...		3,43,88,000	16,60,000		8,76,000	...	
Miscellaneous	3,86,351	1,33,56,765		77,000	1,01,84,000		...	1,30,91,000	
Total	1,79,63,25,690	3,20,78,12,730	5,00,41,38,420	9,30,80,85,000	2,28,40,40,000	11,59,21,25,000	1,09,83,18,000	1,10,30,56,000	2,20,13,74,000
Net			0			31,56,33,000			0
Carried over	5,09,68,44,852	3,82,87,85,130		12,75,07,25,000	2,79,25,21,000		4,00,02,82,000	1,60,23,32,000	

(b) Of this ₹3,45,000 is non-voted.
(c) Of this ₹2,94,000 is non-voted.
(d) Of this ₹4,07,00,000 is non-voted.
(e) The whole of this is non-voted.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1919-1920.			Revised Estimate, 1920-1921.			Budget Estimate, 1921-1922.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	R	R	R	R	R	R	R	R	R
Brought forward .	5,76,60,29,496	3,29,97,66,990		13,11,43,78,000	2,31,29,65,000		4,30,51,09,000	1,21,07,46,000	
Loans and Advances by the Central Government . . .	35,53,142	...	35,53,142	35,73,000	...	35,73,000	36,16,000	...	36,16,000
Net .			**15,45,808**			**12,75,000**			**18,23,000**
Loans between Central and Provincial Governments .	...	...	...	...	...		77,94,000	...	77,94,000
Net .									**0**
Loans and Advances by Provincial Governments . . .	3,49,94,905	...	3,49,94,905	3,40,89,000	...	3,40,89,000	...	...	...
Net .			**0**			**0**			
Remittances—									
Inland Money Orders .	90,96,53,711	...		95,10,00,000	...		98,00,00,000	...	
Other Local Remittances .	...	...		11,29,33,000	...		7,28,45,000	...	
Other Departmental Accounts . . .	2,00,786	...		80,000	...		19,000	...	
Net Receipts by Civil Treasuries from—									
Posts and Telegraphs .	...	...		3,34,75,000	...		1,19,75,000	...	
Railways . . .	29,30,25,584	...		12,90,30,000	...		19,23,45,000	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs .	22,87,377	...		...	...		...	...	
Marine . . .	2,59,98,638	...		2,82,55,000	...		2,02,15,000	...	
Military Works . .	5,84,62,729	...		5,03,25,000	...		4,14,84,000	...	
Military . .	1,46,20,97,369	...		76,27,10,000	...		57,37,55,000	...	
Remittance Account between England and India—									
Transfers through Currency	...	15,22,36,333		...	36,50,28,000		...	8,35,00,000	
Transfers through Gold Standard Reserve . .	...	...		...	...		...	50,00,000	
Purchase of Gold . .	41,18,28,260	...		7,01,59,000	...		...	...	
Purchase of Silver . .	20,39,96,425	...		7,30,000	...		...	...	
War Office transactions .	73,88,73,617	94,10,56,245		1,53,45,000	54,74,40,000		...	20,00,00,000	
Railway transactions .	8,50 86,886	1,41,000		5,83,000	...		9,05,000	...	
Other „ . .	26,14,88,189	10,07,41,597		11,76,55,000	7,30,05,000		5,76,20,000	7,19,63,000	
Total .	4,45,29,99,571	1,19,41,75,175	5,64,71,74,746	2,27,22,80,000	98,54,73,000	3,25,77,53,000	1,95,11,63,000	36,04,63,000	2,31,16,26,000
Net .			**0**			**2,67,11,000**			**3,10,24,000**
Secretary of State's Bills drawn . .	...	46,83,93,280	46,83,93,280	...	...	...	...	...	...
Sterling Transfers on London drawn . .	36,81,60,000	...	36,81,60,000	30,98,80,000	...	30,98,80,000	...	...	...
Total Receipts . .	10,62,57,37,114	4,96,23,35,445		15,73,42,00,000	3,29,84,38,000		6,26,76,82,000	1,57,12,09,000	
Opening Balance . .	25,95,03,870	(a) 22,07,37,405		26,47,59,962	(b) 11,99,73,930		13,31,16,962	(b) 10,22,81,930	
GRAND TOTAL .	10,88,52,40,984	5,18,30,72,850		15,99,89,59,962	3,41,84,11,930		6,40,07,98,962	1,67,34,90,930	

(a) Of this amount R9,02,35,080 represent the funds of the Gold Standard Reserve.
(b) „ „ „ R5,510 „ „ „ „ „ „ „ „ „

DELHI,
FINANCE DEPARTMENT;
March 1st, 1921.

D. DEWAR,
Auditor General.

Central Government, in India and in England—*continued.*

	Accounts, 1919-1920.			Revised Estimate, 1920-1921.			Budget Estimate, 1921-1922.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	R	R	R	R	R	R	R	R	R
Brought forward	5,09,68,44,852	3,82,87,85,130		12,75,07,25,000	2,79,25,21,000		4,00,03,82,000	1,60,23,32,000	
Loans and Advances by the Central Government	20,07,334	...	20,07,334	22,98,000	...	22,98,000	17,93,000	...	17,93,000
Net			0			0			0
Loans between Central and Provincial Governments	...	...	...	...	...	...	1,97,50,000	...	1,97,50,000
Net									1,19,56,000
Loans and Advances by Provincial Governments	4,70,03,180	...	4,70,03,180	8,76,17,000	...	8,76,17,000	...	...	...
Net			1,20,08,275			5,35,28,000			
Remittances—									
Inland Money Orders	90,86,35,520	...		95,00,00,000	...		98,00,00,000	...	
Other Local Remittances	32,39,629	...		10,88,35,000	...		7,28,45,000	...	
Other Departmental Accounts	...	...		80,000	...		19,000	...	
Net Payments into Civil Treasuries by—									
Posts and Telegraphs	...	...		3,34,75,000	...		1,19,75,000	...	
Railways	29,22,23,347	...		12,90,30,000	...		19,23,45,000	...	
Net Issues from Civil Treasuries to									
Posts and Telegraphs	22,87,329	...		...	...		...	...	
Marine	2,62 72,357	...		2,82,55,000	...		2,02,15,000	...	
Military Works	5,87,83,198	...		5,03,25,000	...		4,14,84,000	...	
Military	1,46,71,18,696	...		76,27,10,000	...		57,37,55,000	...	
Remittance Account between England and India—									
Transfers through Currency	15,22,36,333	...		36,50,28,000	...		8,35,00,000	...	
Transfers through Gold Standard Reserve	...	...		...	...		50,00,000	...	
Purchase of Gold	...	41,50,67,235		...	6,80,00,000		...	...	
Purchase of Silver	1,222	10,50,95,378		...	7,30,000		...	...	
War Office transactions	1,88,15,85,754	6.75,12,690		52,01,50,000	1,53,45,000		21,00,00,000	...	
Railway transactions	11,327	8,52,16,560		...	5,83,000		...	9,05,000	
Other „	21,38,37,754	14,24,09,962		7,73,15,000	12,11,81,000		5,89,47,000	2,96,12,000	
Total	5,00,62,32,376	81,53,01,825	5,82,15,34,201	3,02,52,03,000	20,58,39,000	3,23,10,42,000	2,25,00,85,000	3,05,17,000	2,28,06,02,000
Net	...	...	17,43,59,455		...	0	...	...	0
Secretary of State's Bill paid	46,83,93,280	...	46,83,93,280	...	...	...	...	...	...
Sterling Transfers on London paid	...	35,90,25,000	35,90,25,000	...	31,77,70,000	31,77,70,000	...	...	...
Total Disbursements	10,62,04,81,022	5,00,31,11,955		15,86,58,43,000	3,31,61,30,000		6,27,19,10,000	1,63,28,49,000	
Closing Balance	26,47,59,962	(c) 17,99,60,895		13,31,16,962	(b) 10,22,81,930		12,88,88,962	(b) 6,41,930	
GRAND TOTAL	10,88,52,40,984	5,18,30,72,850		15,99,89,59,962	3,41,84,11,930		6,40,07,98,962	1,67,34,90,930	

(c) Of this amount Rs. 8,265 represents the funds of the Gold Standard Reserve.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

REVENUE AND EXPENDITURE.		BUDGET ESTIMATE, 1921-22. Net Receipts.	Net charges.
		R	R
Principal Heads of Revenue	Customs	37,00,89,000	...
	Taxes on Income	18,27,71,000	.
	Salt	5,41,35,000	...
	Opium	2,20,31,000	...
	Other heads	1,64,14,000	...
	TOTAL	64,54,40,000	...
Commercial Services	Railways	4,08,50,000	...
	Irrigation	...	7,52,000
	Posts and Telegraphs	1,52,72,000	...
Debt Services		...	9,59,52,000
Civil Administration	Civil Administration	...	7,66,73,000
Currency, Mint and Exchange	Currency	...	62,86,000
	Mint	22,33,000	.
	Exchange	...	3,28,54,000
Buildings, Roads and Miscellaneous Public Improvements	Civil Works, etc.	...	1,40,73,000
Miscellaneous Civil services	Famine Relief	...	20,000
	Superannuations	...	2,27,73,000
	Miscellaneous	6,29,01,000	.
	Other Heads	...	1,01,09,000
Military Services	Army — Effective	...	50,79,83,000
	Army — Non-effective	...	5,70,21,000
	Marine	...	85,26 000
	Military works	...	4,84,70,000
Contributions and Assignments to Central Government by Provincial Governments		12,32,22,000	...
	TOTAL	88,99,18,000	88,14,92,000
	Surplus	84,26,000	

		ACCOUNTS, 1919-20. Net Receipts.	Net charges.	REVISED ESTIMATE, 1920-21. Net Receipts.	Net charges.	BUDGET ESTIMATE, 1921-22. Net Receipts.	Net charges.
		R	R	R	R		R
	Surplus	...	...	...	...	84,26,000	...
	Deficit	...	23,65,28,825	...	11,14,33,000	...	...
Capital Account	Railway, Irrigation and other Capital not charged to Revenue:—						
	Payments for discharge of Debentures	...	67,95,000	...	49,20,000	...	3,99,34,000
	Capital contributed by Railway Companies and Indian States towards construction of State Railways	—53,121	...	—7,03,000	...	3,99,34,000	...
	Construction of Irrigation Works	...	24,64,507	...	65,17,000	...	3,14,000
	Construction of State Railways	...	14,18,34,721	...	25,53,17,000	...	17,81,56,000
	Initial expenditure on new Capital at Delhi	...	50,35,427	...	1,24,21,000	...	1,06,89,000
	Bombay Development Scheme	...	...	...	57,18,000	...	...
	Deposits of Branch Line Companies (net)	39,543	...	...	2,95,000	...	1,53,000
Debt, Deposits, Advances and Remittances.	Permanent Debt (net)	7,16,65,986	...	37,44,99,000	...	17,87,93,000	...
	Temporary Debt (net)	1,74,04,531	...	18,07,33,000	...	...	20,17,29,000
	Unfunded Debt (net)	1,01,07,610	...	3,20,40,000	...	4,14,66,000	
	Balances of Provincial Governments (net)	68,14,998	...	1,37,82,000	...	...	6,32,84,000
	Loans and Advances by Central Government (net)	15,45,808	...	12,75,000	...	18,23,000	...
	Loans and Advances by Provincial Governments (net)	...	1,20,08,275	...	5,35,28,000	...	...
	Loans between Central and Provincial Governments (net)	...	...	...	...	...	1,19,56,000
	Deposits and Advances (net)	42,68,45,437	...	...	31,96,33,000	13,88,81,000	...
	Remittances (net)	...	17,43,59,455	2,67,11,000	...	3,10,24,000	...
	Secretary of State's Bills drawn	46,83,93,280	...	...	...	...	...
	Secretary of State's Bills paid	...	46,83,93,280	...	...	...	...
	Sterling Transfers on London drawn	36,81,60,000	...	30,98,80,000	...	...	...
	Sterling Transfers on London paid	..	35,90,25,000	...	31,77,70,000	...	...
Cash Balance	Opening Balance	48,02,41,275	...	38,47,33,892	...	23,53,98,892	...
	Closing Balance	...	44,47,20,857	...	23,53,98,892	...	16,95,30,892
	TOTAL	1,85,11,65,347	1,85,11,65,347	1,32,29,50,892	1,32,29,50,892	67,57,45,892	67,57,45,892

D. DEWAR,
Auditor General.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 1, 1921.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Tuesday, 1st March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE INDIAN FINANCE BILL.

The Honourable Mr. W. M. Hailey: With your permission, Sir, I move for leave to introduce a Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the freight (Railway and Inland Steam-vessel) Tax Act, 1917. Your permission is necessary, under the Standing Rules for me to make this motion, and with that permission, Sir, I will make the motion without further delay in the House. I feel that after the very full explanation which I have endeavoured to give to the House just now of our difficulties and of the way in which we desire to meet those difficulties, it is unnecessary that I should say more than that this Finance Bill is a consolidated Bill intended to give effect to the various measures I have proposed in my recent speech. The mere introduction of this Bill does not commit the House in any way either to the acceptance of the expenditure which goes to form the deficit, nor to the exact method with which we propose to meet it. This is a motion for introduction, pure and simple, and though I do not wish to prejudice the action of the House in any way, I would merely suggest that it be left purely as an introductory motion and that criticisms and discussion be deferred until I make the motion for a second reading, namely, on the 17th instant. I then hope to propose that the Bill be taken into consideration and referred to a Joint Committee of both Houses of the Legislature. I now, Sir, beg for leave to move.

The motion was adopted.

The Honourable Mr. W. M. Hailey: I now introduce the Bill.

A Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917; It is hereby enacted as follows:— VIII of 1894. VI of 1898. VII of 1918. XIX of 1920. XIII of 1917.

Short title.

1. This Act may be called the Indian Finance Act, 192 .

Amendment of Act VIII of 1894.

2. (*1*) For the Second Schedule to the Indian Tariff Act, 1894, the Schedule contained in the First Schedule to this Act shall be substituted. VIII of 1894.

(*2*) The enactments mentioned in the Second Schedule to this Act are hereby repealed to the extent specified in the fourth column thereof.

Amendment of Act VI of 1898.

3. With effect from the first day of April, 1921, for the First Schedule to the Indian Post Office Act, 1898, the Schedule contained in the Third Schedule to this Act shall be substituted. VI of 1898.

Amendment of Act XIII of 1917.

4. With effect from the first day of April, 1921, for the First Schedule to the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the Schedule contained in the Fourth Schedule to this Act shall be substituted. XIII of 1917.

Amendment of Act VII of 1918.

5. With effect from the first day of April, 1921, for the First and Second Schedules to the Indian Income-tax Act, 1918, the Schedules contained in the Fifth Schedule to this Act shall be substituted. VII of 1918.

Amendment of Act XIX of 1920.

6. With effect from the first day of April, 1921, for the Schedule to the Super-tax Act, 1920, the Schedule contained in the Sixth Schedule to this Act shall be substituted. XIX of 1920.

It is hereby declared that it is expedient in the public interest that this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918.

SCHEDULE I.

Schedule to be substituted in the Indian Tariff Act, 1894.

[*See section 2 (1).*]

"SCHEDULE II—IMPORT TARIFF."

PART I.

Articles which are free of duty.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
1	HOPS.
2	SALT imported into British India and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stone-ware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in curing fish in those provinces. (For the general duty on salt, *see* No. 36.)
	II.—Raw materials and produce and articles mainly unmanufactured—
	HIDES AND SKINS, RAW.
3	HIDES AND SKINS, raw or salted.
	METALLIC ORES.
4	METALLIC ORES, all sorts.
	PRECIOUS STONES AND PEARLS.
5	PRECIOUS STONES, unset and imported uncut, and PEARLS, unset.
	SEEDS.
6	OIL-SEEDS imported into British India by sea from the territories of any Prince or Chief in India.
	TEXTILE MATERIALS.
7	COTTON, raw.
8	WOOL, raw.
	MISCELLANEOUS.
9	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, nitrate of lime, calcium cyanamide, mineral phosphates and mineral superphosphates.
10	PULP OF WOOD, RAGS and other paper-making materials.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
11	UNIFORMS AND ACCOUTREMENTS appertaining thereto, imported by a public servant for his personal use.
	ARMS, AMMUNITION AND MILITARY STORES.
12	The following ARMS, AMMUNITION AND MILITARY STORES:— (*a*) Articles falling under the 5th, 6th, 8th, 9th or 10th item of No. 42, when they appertain to a firearm falling under the 1st or 3rd item and are fitted into the same case with such firearm. (*b*) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.

SCHEDULE II—IMPORT TARIFF.

PART I—*contd.*

Articles which are free of duty.

No	Names of Articles.
	(*c*) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (*i*) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (*ii*) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.
	(*d*) Swords for presentation as army or volunteer prizes.
	(*e*) Arms, ammunition, and military stores imported with the sanction of the Government of India for the use of any portion of the military forces of a State in India which may be maintained and organized for Imperial Service.
	(*f*) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.
	CHEMICALS, DRUGS AND MEDICINES.
13	ANTI-PLAGUE SERUM.
14	QUININE and other alkaloids of cinchona.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
15	The following AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, elevators, seed-crushers, chaff-cutters, root-cutters, horse and bullock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, and rakes; also component parts of these implements, provided that they can be readily fitted into their proper places in the implements for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.
16	The following DAIRY APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aërating and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.
17	INSTRUMENTS, APPARATUS and APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.
18	WATER-LIFTS, SUGAR-MILLS, OIL-PRESSES, and parts thereof, when constructed so that they can be worked by manual or animal power.
	METALS.
19	CURRENT NICKEL, BRONZE, AND COPPER COIN of the Government of India.
20	GOLD AND SILVER BULLION and coin.
	PAPER.
21	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.
	YARNS AND TEXTILE FABRICS.
22	COTTON TWIST AND YARN, and COTTON SEWING OR DARNING THREAD.
23	SECOND-HAND OR USED GUNNY BAGS made of jute.
	MISCELLANEOUS.
24	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.
25	BOOKS printed, including covers for printed books, maps, charts, and plans, proofs, music and manuscripts.
	IV.—Miscellaneous and unclassified—
26	ANIMALS, living, all sorts.
27	SPECIMENS ILLUSTRATIVE OF NATURAL SCIENCE, and medals and antique coins.

SCHEDULE II—IMPORT TARIFF.

PART II.

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	I.—Food, Drink and Tobacco—		
	FISH.		
28	FISH, SALTED, wet or dry	Indian maund of 82⅔ lbs. avoirdupois weight.	Such rate or rates of duty not exceeding twelve annas as the Governor General in Council may, by notification in the *Gazette of India*, from time to time, prescribe.
	LIQUORS.		
29	ALE, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	Six annas and six pies.
30	SPIRIT, which has been rendered effectually and permanently unfit for human consumption.	*Ad valorem* . .	7½ per cent.
31	PERFUMED SPIRITS	Imperial gallon or 6 quart bottles.	30 0
32	LIQUEURS, Cordials, Mixtures and other preparations containing spirit—		
	(*a*) Entered in such a manner as to indicate that the strength is not to be tested.	Ditto.	25 0
	(*b*) If tested	Imperial gallon or 6 quart bottles of the strength of London proof.	18 12 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
33	All other sorts of SPIRIT	Ditto.	Ditto.
34	WINES—		
	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit.	Imperial gallon or 6 quart bottles.	9 0
	All other sorts of wines not containing more than 42 per cent. of proof spirit:	Ditto.	4 8
	Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to 'All other sorts of Spirit.'		
	SUGAR.		
35	SUGAR, all sorts including molasses and saccharine produce of all sorts, but excluding confectionery (*see* No. 121).	*Ad valorem* . .	15 per cent.
	OTHER FOOD AND DRINK.		
36	SALT, excluding salt exempted under No. 2 .	Indian maund of 82⅔ lbs. avoirdupois weight.	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.
	TOBACCO.		
37	TOBACCO, unmanufactured	Pound . . .	1 0
38	CIGARS AND CIGARETTES	*Ad valorem* . .	75 per cent.
39	All other sorts of TOBACCO manufactured .	Pound . . .	2 4

SCHEDULE II—IMPORT TARIFF.

PART II—*contd.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.	
			R a.	
	II.—Raw materials and produce and articles mainly unmanufactured—			
	COAL, COKE AND PATENT FUEL.			
40	COAL, COKE AND PATENT FUEL . . .	Ton . . .	0 8	
	OILS.			
41	PETROLEUM, including also naphtha and the liquids commonly known by the names of rock oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine, and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the following classes of petroleum :— Petroleum which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes. Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose (*see* No. 72). Motor spirit is liable to an additional duty of 6 annas per gallon under Act II of 1917 as amended by Act III of 1919.	Imperial gallon .	One anna and six pies.	
	III.—Articles wholly or mainly manufactured—			
	ARMS, AMMUNITION AND MILITARY STORES.			
42	Subject to the exemptions specified in No. 12—		R	
	(1) Firearms other than pistols, including gas and air-guns and rifles.	Each . . .	15	or 20 per cent. *ad valorem*, whichever is higher.
	(2) Barrels for the same, whether single or double.	„ . . .	15	
	(3) Pistols, including automatic pistols and revolvers.	„ . . .	15	
	(4) Barrels for the same, whether single or double.	„ . . .	15	
	(5) Main springs and magazine springs for firearms, including gas-guns and rifles.	„ . . .	5	
	(6) Gun stocks and breech blocks . . .	„ . . .	3	
	(7) Revolver-cylinders, for each cartridge they will carry.	„ . . .	2	

SCHEDULE II—IMPORT TARIFF.

PART II—*concld.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
	(8) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Each . . .	R 1 or 20 per cent. *ad valorem*, whichever is higher
	(9) Machines for making, loading, or closing cartridges for rifled arms	*Ad valorem* . .	20 per cent.
	(10) Machines for capping cartridges for rifled arms.	*Ad valorem* . .	20 per cent.
	CHEMICALS, DRUGS AND MEDICINES.		R A.
43	Opium and its alkaloids and their derivatives.	Seer of 80 tolas .	24 0
	MISCELLANEOUS.		
44	Matches—		R A.
	(1) In boxes containing not more than 75 matches.	Per gross of boxes .	0 12
	(2) In boxes containing more than 75 matches.	For every 75 matches or fraction thereof in each box, per gross of boxes.	0 12

SCHEDULE II—IMPORT TARIFF.

PART III.

Articles which are liable to duty at 2½ per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
	GRAIN, PULSE AND FLOUR.
45	GRAIN AND PULSE, all sorts, including broken grains and pulse, but excluding flour (*see* No. 65).
	PROVISIONS AND OILMAN'S STORES.
46	VINEGAR in casks.
	II.—Raw materials and produce and articles mainly unmanufactured—
	METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE.
47	IRON OR STEEL, old.
	WOOD AND TIMBER.
48	FIREWOOD.
	III.—Articles wholly or mainly manufactured—
	CHEMICALS, DRUGS AND MEDICINES.
49	COPPERAS, green.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
50	TELEGRAPHIC INSTRUMENTS AND APPARATUS, and parts thereof imported by or under the orders of a railway company.
	MACHINERY.
51	MACHINERY, namely, prime-movers and component parts thereof, including boilers and component parts thereof ; also including locomotive and portable engines, steam-rollers, fire engines, and other machines in which the prime-mover is not separable from the operative parts. MACHINERY (and component parts thereof), meaning machines or sets of machines to be worked by electric, steam, water, fire or other power not being manual or animal labour, or which, before being brought into use, require to be fixed with reference to other moving parts ; and including belting of all materials for driving machinery : Provided that the term does not include tools and implements to be worked by manual or animal labour, and provided also that only such articles shall be admitted as component parts of machinery as are indispensable for the working of the machinery, and are, owing to their shape or to other special quality, not adapted for any other purpose. *Note.*—This entry includes machinery and component parts thereof made of substances other than metal.
	METALS—IRON AND STEEL.
52	IRON, angle. „ bar, rod and channel, including channel for carriages. „ pig. „ rice bowls.

SCHEDULE II—IMPORT TARIFF.

PART III—*contd.*

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No.	Names of Articles.
53	IRON OR STEEL, anchors and cables.
	„ „ beams, joists, pillars, girders, screw piles, bridge work and other such descriptions of iron or steel, imported exclusively for building purposes; including also ridging, guttering and continuous roofing.
	„ „ bolts and nuts, including hook-bolts and nuts for roofing.
	„ „ hoops and strips.
	„ „ nails, rivets and washers, all sorts.
	„ „ pipes and tubes and fittings therefor, such as bends, boots, elbows, tees, sockets, flanges and the like.
	„ „ rails, chairs, sleepers, bearing and fish-plates, spikes (commonly known as dog-spikes), switches and crossings, other than those described in No. 56, also lever-boxes, clips and tie-bars.
	„ „ sheets and plates, all sorts excluding discs and circles which are dutiable under No. 94.
	„ „ wire, including fencing wire, piano-wire and wire-rope, but excluding wire-netting which is dutiable under No. 94.
54	STEEL, angle.
	„ bar, rod, and channel, including channel for carriages.
	„ cast including spring blistered and tub steel.
	„ ingots, blooms, billets and slabs.
	METALS OTHER THAN IRON AND STEEL.
55	LEAD sheets, for tea-chests.
	RAILWAY PLANT AND ROLLING-STOCK.
56	RAILWAY MATERIAL for permanent-way and rolling-stock, namely, cylinders, girders, and other material for bridges, rails, sleepers, bearing and fish-plates, fish-bolts, chairs, spikes, crossings, sleeper fastenings, switches, interlocking apparatus, brake gear, couplings and springs, signals, turn-tables, weigh-bridges, engines, tenders, carriages, wagons, traversers, trollies, trucks, and component parts thereof; also the following articles when imported by, or under the orders of, a railway company, namely, cranes, water cranes, water tanks, and standards, wire and other materials for fencing : Provided that for the purpose of this entry ' railway ' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor General in Council may, by notification in the *Gazette of India*, specifically include therein : Provided also that only such articles shall be admitted as component parts of railway material as are indispensable for the working of railways, and are, owing to their shape or to other special quality, not adapted for any other purpose.
	MISCELLANEOUS.
57	AEROPLANES, aeroplane parts, aeroplane engines and aeroplane engine parts.
58	PRINTING AND LITHOGRAPHING MATERIAL, namely, presses, type, ink, aluminium lithographic plates, brass rules, composing sticks, chases, imposing tables, and lithographic stones, stereo-blocks, roller moulds, roller frames and stocks, roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and paging and numbering machines, but excluding paper (*see* No. 96).
59	RACKS for the withering of tea leaf.
60	SHIPS AND OTHER VESSELS for inland and harbour navigation, including steamers, launches, boats and barges, imported entire or in sections.
61	TEA-CHESTS of metal or wood, whether imported entire or in sections, provided that the Collector of Customs is satisfied that they are imported for the purpose of the packing of tea for transport in bulk.

SCHEDULE II—IMPORT TARIFF.

PART IV.

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
	FISH.
62	FISH, excluding salted fish (*see* No. 28).
63	FISHMAWS, including signally and sozille, and sharkfins.
	FRUITS AND VEGETABLES.
64	FRUITS AND VEGETABLES, all sorts, fresh, dried, salted or preserved.
	GRAIN, PULSE AND FLOUR.
65	FLOUR.
	PROVISIONS AND OILMAN'S STORES.
66	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts, excluding vinegar in casks (*see* No. 46).
	SPICES.
67	SPICES, all sorts.
	TEA.
68	TEA.
	OTHER FOOD AND DRINK.
69	COFFEE.
70	All other sorts of Food and Drink not otherwise specified.
	II.—Raw materials and produce and articles mainly unmanufactured—
	GUMS, RESINS AND LAC.
71	GUMS, RESINS AND LAC, all sorts.
	OILS.
72	All sorts of animal essential mineral, and vegetable non-essential OILS, excluding petroleum as defined in No. 41, but including— Petroleum which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre or for lubricating purposes; and Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.
	SEEDS.
73	SEEDS, all sorts, excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6).
	TALLOW, STEARINE AND WAX.
74	TALLOW AND STEARINE, including grease and animal fat, and wax of all sorts not otherwise specified.

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	TEXTILE MATERIALS.
75	TEXTILE MATERIALS, the following :—
	Silk waste, and raw silk including cocoons, raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.
	WOOD AND TIMBER.
76	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.
	MISCELLANEOUS.
77	CANES AND RATTANS.
78	COWRIES and SHELLS.
79	IVORY, unmanufactured.
80	PRECIOUS STONES, unset and imported cut (*see* No. 5).
81	All other raw materials and produce and articles mainly unmanufactured, not otherwise specified.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
82	APPAREL, including drapery, boots and shoes, and military and other uniforms and accoutrements, but excluding uniforms and accoutrements exempted from duty under No. 11 and gold and silver thread (*see* Nos. 129 and 130).
	ARMS, AMMUNITION AND MILITARY STORES.
83	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuze.
	CARRIAGES AND CARTS.
84	CARRIAGES AND CARTS, including jinrikshas, bath chairs, perambulators, trucks, wheelbarrows, and all other sorts of conveyances and component parts thereof not otherwise specified, and including motor vans if imported with all their parts assembled and also including motor lorries and the following component parts of motor lorries, chassis, solid tyres, wh eels, bodies, axles and gear boxes (*see* No. 124).
	CHEMICALS, DRUGS AND MEDICINES.
85	CHEMICALS, DRUGS AND MEDICINES, all sorts, not otherwise specified.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
86	CUTLERY.
87	HARDWARE, IRONMONGERY AND TOOLS, all sorts, not otherwise specified.
88	All other sorts of IMPLEMENTS, INSTRUMENTS, APPARATUS AND APPLIANCES and parts thereof, not otherwise specified.
	DYES AND COLOURS.
89	DYEING AND TANNING SUBSTANCES, all sorts, and paints and colours and painters' materials, all sorts.
	FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD.
90	FURNITURE, CABINETWARE and all other manufactures of wood not otherwise specified.
	GLASSWARE AND EARTHENWARE.
91	GLASS AND GLASSWARE, lacquered ware, earthenware china and porcelain; all sorts except glass, bangles, beads and false pearls (*see* No. 128).

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	HIDES AND SKINS AND LEATHER.
92	HIDES AND SKINS not otherwise specified, LEATHER AND LEATHER MANUFACTURES, all sorts, not otherwise specified.
	MACHINERY.
93	MACHINERY AND COMPONENT PARTS thereof, meaning machines or parts of machines to be worked by manual or animal labour.
	METALS—IRON AND STEEL.
94	All sorts of IRON AND STEEL and manufactures thereof, not otherwise specified.
	METALS OTHER THAN IRON AND STEEL.
95	All sorts of METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.
	PAPER, PASTEBOARD AND STATIONERY.
96	PAPER AND ARTICLES MADE OF PAPER AND PAPIER MACHÉ, PASTEBOARD, MILLBOARD, AND CARDBOARD, all sorts, and STATIONERY, including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards, including cards in booklet form, including also wastepaper and old newspapers for packing, but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post (*see* No. 21).
	YARNS AND TEXTILE FABRICS.
97	YARNS AND TEXTILE FABRICS, that is to say:—
	Cotton piecegoods, thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified.
	Flax twist and yarn, and manufactures of flax;
	Haberdashery and millinery;
	Hemp manufactures;
	Hosiery;
	Jute, twist and yarn, and jute manufactures, excluding secondhand or used gunny bags (*see* No. 23).
	Silk yarn, noils and warps and silk thread;
	Woollen yarn, knitting wool, and other manufactures of wool including felt;
	All other sorts of yarns and textile fabrics, not otherwise specified.
	MISCELLANEOUS.
98	ART, works of, excluding those specified in No. 24.
99	BRUSHES AND BROOMS.
100	BUILDING AND ENGINEERING MATERIALS, including asphalt, bricks, cement, chalk and lime, clay, pipes of earthenware, tiles, and all other sorts of building and engineering materials not otherwise specified.
101	CANDLES.
102	CORDAGE AND ROPE AND TWINE OF VEGETABLE FIBRE.
103	FURNITURE, TACKLE AND APPAREL, not otherwise described, for steam, sailing, rowing and other vessels.
104	JEWELLERY AND JEWELS.

SCHEDULE II—IMPORT TARIFF.

PART IV—*concld.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
105	MATS AND MATTING.
106	OILCAKES.
107	OILCLOTH AND FLOOR CLOTH.
108	PACKING—ENGINE AND BOILER—all sorts, excluding packing forming component part of any article included in Nos. 51 and 56.
109	PERFUMERY.
110	PITCH, TAR AND DAMMER
111	POLISHES AND COMPOSITIONS.
112	RUBBER tyres and other manufactures of rubber, not otherwise specified (*see* No. 136).
113	SOAP.
114	STARCH AND FARINA.
115	STONE AND MARBLE, and articles made of stone and marble.
116	TOILET REQUISITES, not otherwise specified.
117	All other articles wholly or mainly manufactured, not otherwise specified.
	IV.—Miscellaneous and unclassified—
118	CORAL.
119	FODDER, bran and pollards.
120	All other articles not otherwise specified, including articles imported by post.

SCHEDULE II—IMPORT TARIFF.

PART V.

Articles which are liable to duty at 20 per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco.
121	CONFECTIONERY.
	II.—Articles wholly or mainly manufactured.
	ARMS, AMMUNITION AND MILITARY STORES.
122	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.
123	Subject to the exemptions specified in No. 12 all articles other than those specified in entry No. 42 which are *arms or parts of arms* within the meaning of the Indian Arms Act, 1878 (excluding springs used for air-guns which are dutiable as hardware under No. 87), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor General in Council may, by notification in the *Gazettee of India*, declare to be ammunition or military stores for the purposes of this Act.
	CARRIAGES AND CARTS.
124	MOTOR CARS, motor cycles, motor scooters, bicycles and tricycles and parts and accessories thereof: provided that such parts or accessories as are ordinarily *also* used for other purposes shall be dutiable at the rate of duty specified for such articles.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
125	CLOCKS AND WATCHES AND PARTS THEREOF.
126	ELECTROPLATED WARE.
127	MUSICAL INSTRUMENTS.
	GLASSWARE AND EARTHENWARE.
128	GLASS BANGLES and BEADS and false pearls.
	METALS.
129	GOLD PLATE, gold thread and wire, and gold manufactures, all sorts.
130	SILVER PLATE, silver thread and wire, and silver manufactures, all sorts.
	YARNS AND TEXTILE FABRICS.
131	SILK PIECE-GOODS, and other manufactures of silk.
	MISCELLANEOUS.
132	CINEMATOGRAPH FILMS.
133	FIRE-WORKS.
134	IVORY, manufactured.
135	PRINTS, engravings and pictures, including photographs and picture postcards.
136	PNEUMATIC RUBBER TYRES AND TUBES FOR MOTOR CARS, including motor lorries, motor cycles, motor scooters, bicycles and tricycles.
137	SMOKERS' REQUISITES, excluding tobacco (Nos. 37 to 39) and matches (No. 44).
138	TOYS, games, playing cards and requisites for games and sports.
139	UMBRELLAS, including parasols and sunshades, and fittings therefor.

SCHEDULE II.

ENACTMENTS REPEALED.

[*See section 2(2).*]

1	2	3	4
Year.	No.	Short title.	Extent of Repeal.
1894	VIII	The Indian Tariff Act, 1894	Section 4.
1916	IV	The Indian Tariff (Amendment) Act, 1916 . . .	The word "Second" in section 4 and so much of Schedule I as contains a Schedule II to be inserted in the Indian Tariff Act, 1894.
1917	VI	The Indian Tariff (Amendment) Act, 1917 . . .	Section 2.
1920	VII	The Indian Tariff (Amendment) Act, 1920 . . .	The whole.

SCHEDULE III.

Schedule to be substituted in the Indian Post Office Act, 1898.

(See section 3.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	Half an anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Samp's Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding five tolas	Quarter of an anna.
For a weight not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas . .	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas . . .	Four annas."

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

(See section 4.)

"SCHEDULE I.

(See section 3.)

1	2	3	4
Entry.	Goods.	Unit.	Rate.
1	Coal coke, fire-wood, grains, pulses, seeds and fodder . . .	Per Indian maund of 82⅔ lbs. avoirdupois weight.	Six pies.
2	Piece-goods, silk raw or manufactured, pressed cotton, pressed wool, pressed jute, pressed hemp, pressed flax, pressed moonj, pressed tow, hides and skins, timber of all sorts, whether wrought or unwrought, pig iron, steel, iron and steel ware, aluminium and aluminium ware, brass and brass ware, tin and tin ware, copper and copper ware, bronze and bronze ware, bell metal and bell metal ware, enamelled ware, Japanned ware, glass ware, China ware, oils of all kinds, colors, paints and dyes including enamels and varnishes, musical and scientific instruments, machinery, petrol, benzine, benzole, benzoline or gasoline, bicycles and component parts thereof, motor cars, motor boats or motor cycles and component parts thereof, carriages, carts and other wheeled vehicles, tobacco manufactured, including cigars and cigarettes, spirits, wines and cordials, ale and beer, rubber manufactured.	Ditto.	Two annas.
3	All other goods	Ditto.	One anna."

SCHEDULE V.

Schedules to be substituted in the Indian Income-tax Act, 1918.

(See section 5.)

"SCHEDULE I.

RATES OF TAX.

(See section 14.)

	Rate.
I. When the taxable income is less than R2,000	*Nil.*
II. When the taxable income is R2,000 or upwards and—	
(*i*) the total income is less than R5,000	Five pies in the rupee.
(*ii*) the total income is R5,000 or upwards, but is less than R10,000	Six pies in the rupee.
(*iii*) the total income is R10,000 or upwards, but is less than R20,000	Nine pies in the rupee.
(*iv*) the total income is R20,000 or upwards, but is less than R30,000	One anna in the rupee.
(*v*) the total income is R30,000 or upwards, but is less than R40,000	One anna and two pies in the rupee.
(*vi*) the total income is R40,000 or upwards	One anna and four pies in the rupee.

SCHEDULE II.

RATES OF REFUND.

(See section 37.)

Amount.	Refund.
1. Less than R2,000	One anna and four pies in the rupee.
2. R2,000 or upwards, but less than R5,000	Eleven pies in the rupee.
3. R5,000 or upwards, but less than R10,000	Ten pies in the rupee.
4. R10,000 or upwards, but less than R20,000	Seven pies in the rupee.
5. R20,000 or upwards, but less than R30,000	Four pies in the rupee.
6. R30,000 or upwards, but less than R40,000	Two pies in the rupee."

SCHEDULE VI.

Schedule to be substituted in the Super-tax Act, 1920.

(See section 6.)

"SCHEDULE.

(See section 4.)

(*1*) In respect of the first lakh of rupees of taxable income—	
(*a*) in the case of a Hindu undivided family—	
(*i*) in respect of the first seventyfive thousand rupees of taxable income	*Nil.*
(*ii*) in respect of the next twentyfive thousand rupees of taxable income	One anna in the rupee.
(*b*) In all other cases—	
(*i*) in respect of the first fifty thousand rupees of taxable income	*Nil.*
(*ii*) in respect of the next fifty thousand rupees of taxable income	One anna in the rupee.
(*2*) In respect of the first fifty thousand rupees of taxable income over one lakh of rupees	One and a half annas in the rupee.
(*3*) In respect of the next fifty thousand rupees of taxable income	Two annas in the rupee.
(*4*) In respect of the next fifty thousand rupees of taxable income	Two and a half annas in the rupee.
(*5*) In respect of the next fifty thousand rupees of taxable income	Three annas in the rupee.
(*6*) In respect of the next fifty thousand rupees of taxable income	Three and a half annas in the rupee.
(*7*) In respect of all taxable income over three and a half lakhs of rupees	Four annas in the rupee."

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to provide the additional resources referred to in my speech to-day introducing the Budget for 1921-22. It is proposed to do this by amending the existing schedules of the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, the Super-Tax Act, 1920, and the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

2. Clause 2 of the Bill substitutes a revised Schedule for the import tariff. The substantive changes made by the new Schedule are —

(1) The raising of the general *ad valorem* import duty of 7½ per cent. to 11 per cent. except in the case of matches and certain articles of luxury.

(2) The withdrawal of the concession allowed by the existing tariff under which machinery and stores imported for use in cotton mills are admitted free of import duty.

(3) The levy of a specific import duty of 12 annas per gross boxes of matches in place of the present *ad valorem* duty of 7½ per cent. In order to avoid evasion of duty by foreign manufacturers increasing the size of their boxes an extra duty is imposed on boxes containing more than 75 matches (*vide* item No. 44).

(4) Increase of the duty on liquors, the new duties on spirits being based on a duty of 3 annas per degree of proof per gallon (*vide* items 29 to 34 of the Schedule).

(5) The raising of the general *ad valorem* duty of 7½ per cent. to 20 per cent. in the case of certain articles of luxury (*vide* part V of the Schedule).

(6) The raising of the import duty on sugar from 10 to 15 per cent.

(7) The raising of the import duties on tobacco, other than unmanufactured tobacco, by 50 per cent.

3. At the same time, opportunity has been taken of incorporating in the Schedule certain exemptions which have been granted by notification under section 23 of the Sea Customs Act since the Schedule was last revised and of clearing up certain doubts which the wording of the existing Schedule in some items has given rise to. Metallic ores have also been transferred to the free list.

4. Clause 3 substitutes a new Schedule for the existing Schedule to the Indian Post Office Act, 1898, the more important changes being —

(1) Abolition of the half anna postage for letters, the charges in future to be 1 anna for letters not exceeding 2½ tolas in weight and half an anna for every additional 2½ tolas.

(2) Raising to half an anna the quarter of an anna postcard.

(3) Various miscellaneous changes in the rates for packet post and registered newspapers.

5. Clause 4 substitutes a new Schedule for the existing Schedule I of the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the effect of which will be —

(1) to increase the rate on coal, coke and firewood from 1 pie to 6 pies per maund and on food grains and fodder from 2 pies to 6 pies;

(2) to increase the rate from 2 pies to 2 annas per maund on certain valuable commodities such as piece-goods, pressed cotton, jute, ironware, timber and oils, mentioned in entry No. 2 of the new Schedule;

(3) to increase from 2 pies to 1 anna per maund the tax on all other articles.

6. Clauses 5 and 6 substitute new Schedules for the existing operative Schedules of the Income-tax and Super-tax Acts, respectively, the result of which will be —

in the case of *income-tax* as follows: —

Incomes.	Pies per rupee. Present.	Proposed.
₹2,000 — 5,000	5	5
₹5,000—10,000	6	6
₹10,000—20,000	9	9
₹20,000—30,000	9 / 12	12
₹30,000—40,000	12	14
Over ₹40,000	12	16

and in the case of *super-tax* as follows: —

Incomes.	Pies per rupee. Present.	Proposed.
First ₹50,000 over ₹50,000	12	12
For the next ₹50,000, *i.e.*, ₹1,00,000—1,50,000	18	18
„ „ ₹1,50,000—2,00,000	24	24
„ „ ₹2,00,000—2,50,000	30	30
„ „ ₹2,50,000—3,00,000	36	36
„ „ ₹3,00,000—3,50,000	36	42
For any excess over 3½ lakhs	36	48

7. The tariff changes will come into effect from to-day, the remainder from April 1st next.

DELHI;
Dated 28th February, 1921.

W. M. HAILEY.

PROCEEDINGS OF THE COUNCIL OF STATE ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Tuesday, 1st March, 1921.

The Council met in the Council Chamber at Metcalfe House at the Eleven of the Clock, with the Honourable the President in the Chair.

The HONOURABLE MR. E. M. COOK: I beg to present, Sir, the revised estimates for the revenue and expenditure of the current year, and the budget estimates for next year. With these statutory statements, there is also a memorandum explaining the details of the estimates, the draft of a certain Bill which has been introduced in another place to-day, and also the detailed estimates supporting the various demands for grants which will be voted on in another place. Also, there is a printed copy of the Finance Member's remarks in another place, which is being supplied to every Honourable Member now.

The HONOURABLE MR. W. M. HAILEY: Sir, I regret the dispensation which provides that I should justify our stewardship for the last year, and make proposals for meeting our financial troubles in the coming year in another House, and thereby be deprived of an audience which is certainly not less fitted than that audience to appreciate our difficulties and help us with its critical acumen in financial matters. Such, however, is the dispensation. If, moreover, that House has the privilege of first hearing our Budget proposals, it is not without its disadvantages. I am afraid that my case was either such a bad one or put so badly that I troubled them to the extent of an hour and a quarter in explaining it and in justifying my position. I have no intention of troubling this Council to a similar extent. It will be perhaps sufficient here, Sir,—as a copy of my speech has been laid by the Honourable Mr. Cook before the Members of this Council—if I explain in the very briefest way what has been the result of our present year's working, what will be the result of the working, as far as we can forecast it, of the year to come, and how we propose to meet the difficulties that lie before us in the next twelve months.

As regards the present year we expected a surplus of 2 crores. We have, I am afraid, to meet a deficit of 11 crores. That is mainly due to the fact that warlike operations have continued on the frontier.

Then, with regard to next year, we are expecting a total expenditure on the central account of 129 crores, and we anticipate that we shall have a revenue to meet it of only 110½ crores. That would mean a deficit of 18½ crores, and we propose—I leave aside all explanations and go at once to the matter which will mostly interest this House—we propose to make up that deficit and also to provide ourselves with a small necessary surplus amounting to about 84 lakhs in the following manner.

We propose in the first place, to raise the general *ad valorem* duty on the imports from 7½ per cent. to 11 per cent. This we expect to bring us in about 3¾ crores. We do not propose, Sir, to increase the cotton excise duties. We propose, in the second place, to withdraw the existing concession by which certain machinery and other supplies required for spinning and cotton mills are admitted free. We expect that this will bring us about 10 lakhs of rupees. The second customs proposal that we have put before the Lower House is the levy on matches of a specific import duty of 12 annas per gross boxes, that is to say, about one pie per box. That, I hope, will bring in 110 lakhs. The third is a substantial increase in the duties on imported liquors. When I announced that in the Lower House, a sigh of apprehension went round the benches, and I was obliged to give them the fullest details of what we proposed to do. Here, in this obviously very much more temperate House I do not perhaps need to explain the details; I will only say that the extra tariff should bring us in 94 lakhs. The fourth is the raising of the general *ad valorem* duty of 7½ per cent. to 20 per cent. on certain articles of luxury, such as motor cars, motor cycles and tyres, (excluding lorries), silk piecegoods, fireworks, umbrellas, clocks, and watches, musical instruments, cinematograph films, etc. The fifth proposal is the raising of the present import duty on foreign sugar from 10 to 15 per cent. That, we hope, will bring us 65 lakhs. I come to the last of my tariff proposals, and that is the raising of the duty on tobacco other than unmanufactured tobacco by 50 per cent., and 75 per cent. instead of 50 per cent. *ad valorem* on cigarettes and cigars; that should bring us about 40 lakhs.

Now, Sir, we have to supplement these measures by measures which I think will not commend themselves quite so readily to large portions of our public. We propose to raise the surcharge on goods carried on our railways, the surcharge that is which was sanctioned in 1917, and the increase is substantial. The present rates are 1 pie per maund on coal, coke and firewood and 2 pies on all other goods. We propose to substitute the following rates:—(1) 6 pies per maund on coal, coke, firewood, foodgrains and fodder; (2) 2 annas per maund on certain valuable commodities which can bear a high rate of tax, such as piecegoods, pressed cotton, jute and ironware, timber and oils; (3) 1 anna per maund on all other articles of general merchandise not falling within these two categories. At present there is a free zone for goods carried 10 miles or less, which we propose to extend to 20 miles. We hope these proposals will bring

us the substantial sum of 5½ crores. Then follows another measure which is also perhaps less likely to commend itself to a large section of the public, that is, an increase in postal rates. I will give the House details. Abolition of the half-anna postage for letters, the charges in future to be one anna for letters not exceeding 2½ tolas in weight, and half an anna for every additional 2½ tolas; raising to half an anna the quarter anna post card; rate for book, pattern and sample packets to be raised from half an anna for every 10 tolas to half an anna for every five tolas or fraction thereof. At present the initial rate is ¼ anna for registered newspapers not exceeding 8 tolas in weight and ½ anna for papers not exceeding 40 tolas, and it is proposed that the maximum weight to be carried for a quarter of an anna be reduced to five tolas and that for half an anna to 20 tolas. I do not propose any increase in the parcel postal rates, but I propose that the rates of commission on money orders should be raised to the level which existed in 1902. That, we hope, will bring us 2½ crores. We regret the measure, but we see no way out of it in view of our financial difficulties. We believe that the present postal rates, enormously useful as they may have been in the development of India, are a luxury which we cannot afford. The remaining and final step, the inevitable step to complete the deficit which we anticipate is direct taxation. So far, I have provided for 16 crores. We have still about 3 crores to raise, and we propose to do this by increasing the maximum ordinary income-tax from 12 pies to 16 pies, and so to re-arrange the upper grades of supertax that it shall be four annas on incomes exceeding 3½ lakhs per annum. That, as I have said, should bring us the remaining 3 crores. We shall have altogether 19·17 lakhs against an anticipated expenditure of 18¼ crores giving us, therefore, a surplus of 84 lakhs. These are the proposals which I have put forward on what I may call the revenue side. It will interest the House to know that with regard to Ways and Means and the capital side we propose to raise a rupee loan of 15 crores, and also propose to raise a 5 million £ loan in England. We propose to give 15 crores to Railways, and one crore to Delhi. That completes the account.

I am sorry again that I have only been able to give the facts to the House in the barest detail, but I thought it my duty to attend here and place our case at the earliest possible moment before the House.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Monday, the 7th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

DISCUSSION ON GENERAL DEMANDS.

Rao Bahadur T. Rangachariar : Sir, I would draw your attention to sections 131 and 132 of the Manual of Business, with reference to the notice issued to us as to the discussion on the general demands. By these rules certain days have to be fixed, and section 132 says: 'Notice of a motion to omit or reduce any grant shall be given two days before the day appointed for the discussion of such grant'. The notice issued to us provides for all the grants to be discussed on all the days, and it is impossible for us to give two days' notice required under section 132—if such notice is to be regarded as due notice. I suggest that separate days should be fixed for the discussion of separate heads.

The Honourable the President : This is a matter which concerns the combined convenience of the Finance Department and the Assembly. I think we should hear the Finance Member's views on the subject.

The Honourable Mr. W. M. Hailey : We recognise that perhaps it would have been much more convenient for the House if we had been able to ask the Governor General to allot definite days for the discussion of those various demands for grants; but we were unaware how long the House would like to take over each question and of the comparative importance they would attach to different grants. For this reason we were unable to suggest a definite allotment of time. If in future years it appears that we could suitably do so, we shall certainly propose the allotment of a definite time and date for each demand for grants. As it is, I recognise that it is difficult to give the necessary notice under section 132; I am not sure whether I am in order in putting a suggestion to you, but if I do so, it would be this: That the rules should be interpreted in the most liberal sense, *i.e.*, that it is quite clear that the first grant standing on the list must come on on the first day, and for that two days' notice will be required—and equally in regard to the last grant. But as regards the others, I would ask that in any case in which you consider that reasonable notice has been given, the motion shall be accepted by you.

The Honourable the President: I understand that the Honourable Member puts the point in order to protect the rights of Members under Standing Order No. 72. The suggestion made by the Honourable the Finance Member is eminently reasonable, and provided the notice actually given is not unreasonably short, the Chair will not be too stiff in interpreting the Rule.

GENERAL DISCUSSION ON THE BUDGET.

First Stage.

Rai J. N. Majumdar Bahadur: Sir, as one who sincerely believes in England's connection with India, not as a dominant and a subject country, but as two free partners under a common flag, and as one who also sincerely believes, that by tact, good will and firmness, we shall ere long be able to make the already half-willing Colonies acknowledge us as equals, I may at once assure those of our Honourable friends who still wield our destiny that I have not the least intention or desire in what I am going to say to fan the dying embers of non-co-operation.

Being a plain man of plain words and not a diplomat who says what he does not mean, I request the Honourable House to take me seriously when I say that my heart fell within myself when I looked at the sorrowful countenance of the Honourable the Finance Minister when he introduced the Budget the other day, and I said within myself:

'O, had I some occult power, had I known magic, black or white, I would have made the roof of this House pour down gold and silver and precious stones into the capacious pocket of my Honourable friend and at once make him 'smiling and comfortable' like his predecessors. But that gift is denied to us, mortals, in this iron age, and the trough of depression is to be filled in other ways.'

If my Honourable friend is sorry for the trough of depression, he is still more sorry that, unlike his predecessors, he has to approach this House with his begging bowl for filling it, but

he consoles himself with the thought he can always count upon the certifying powers of the Governor General.

He seems to address us somewhat in this style: 'Well, Gentlemen, you are yet on your trial; if you do not vote my demands, we shall proclaim it from house tops that you are no good, for 'the most critical test of the capacity of a Representative Assembly' is to rise to 'the height of the responsibility' and to vote all my demands.'

When I saw the Honourable the Finance Minister rising to his full height and uttering this threat, my heart, old and weak as it is, shrank within myself, and I felt myself face to face with my old schoolmaster, who could never instil wisdom into our thick skulls without displaying his birch.

I hope it will not disturb the equanimity of this House and prevent it from doing its duty to the country or the Government.

The increase of duty on sugar, matches, tobacco, wines and liquors are some silver linings of this dark and ominous Budget, which imposes fresh burdens on the tax-payer by increasing the postal rates on cards, letters and newspapers as if the existing repressive laws are not enough for their suppression.

I quite appreciate the tenderness of my Honourable friend in not raising the existing cotton excise of 3½ per cent., but it is liable to be misinterpreted. India is poor, England rich, hundred times richer than India; and it could be easily explained, as was done previously, that the war, for which we were not responsible, has brought on us financial difficulties, and that the increase is to be considered as only a revenue measure. Great Britain still remembers what the Indian soldiers did in France 'and saved the cause of the Allies and civilisation', to quote Lord Curzon, 'after the sanguinary tumults of the opening weeks of the war' it still remembers our sacrifice in men and money, and the Honourable the Finance Minister might not have shown anxiety for trade distress and unemployment in Great Britain, for they can well take care of themselves, forgetting poor India which has to maintain the most costly civil and military services in the world.

The currency question is no doubt a very complicated one, but we should have been much wiser by this time, and able to protect our interests. Was there any necessity in incurring losses by selling Reverse Council Bills, when the balance of trade was in India's favour. If the sale of Reverse Council Bills can be dispensed now, when the exports have come down to a minimum point, as our old customers have no money to buy, one is at a loss to imagine why they were sold at a time when the exports were more than normal. The Government seems to have no policy, and our fate is in the hands of a God, named 'Chance'.

I say, take courage in both hands, reduce your civil and military expenditure, and save poor India and earn its blessing. Remember the last straw on the camel's back, remember there is a limit to everything.

When I imagine to myself a vast country, with its majestic white mountains to the north, its vast blue seas to the west, south and east, its mighty rivers, alas! now killed by ruthless hands, its inexhaustible mines, its fertile soil, in fact gifted with all that a bountiful nature in its most bountiful mood could impart to it, and when I find its sober, intelligent and industrious people ill-fed, ill-clothed and ill-housed always living on the verge of starvation, I ask myself, what must be the cause of all this? Surely, we ourselves must be the cause of our degradation, but has not the Government of the country a share in it?

The function of the Government does not lie simply in protecting us from invasions and in keeping internal peace. It must do many things more. The Government must identify itself with the people, and must advance its moral and material prosperity.

India is now essentially an agricultural country, though it was not so before the advent of the English here. It was sugar, cotton, silk, indigo and other industries that brought the Europeans here. Sugar was first manufactured in India, and the word has been derived from the Sanskrit *sarkara*, from which comes the Latin *sachurus*.

It is now admitted by all eminent economists that a purely agricultural country can never flourish. It must have industries as well.

Does the Budget hold out any prospect of improving any of our industries? I come from a part of the country which was once famous for its sugar and cotton and silk industries. They have all disappeared, as if by the touch of a magician's wand. Our weavers and our sugar men, Hindu and Muhammadan, have been compelled to take to the plough. You cannot imagine a more deplorable state of things. If Java, Mauritius, Fizi lands can grow sugar for the world, what prevents us from doing the same?

I pause for a reply. Why should we go naked for want of Lancashire cloth, or go without salt for want of Liverpool salt? If the Government wishes to nationalise itself, its heart must beat in unison with that of the nation?

By opening irrigation canals, the Government has killed our magnificent rivers. The Ganges, the Jumna, the Indus, have all shared the same fate. Look at the Jumna of this Imperial City and shed some tears for it.

At a time when our rivers are more than full, we allow the waters to run to waste, and then drain off our rivers at a season, when it can ill-afford to spare any water. Why not store waters during the rainy season in masonry tanks, why not excavate masonry wells? Even

now 2 crores of acres are irrigated by private wells and by *khals* without killing any river and without interfering with their navigation. Don't curse monsoon ; adjust yourself to it by storing water in time.

There will be no loss of revenue if you gradually reduce irrigation canals to a minimum, at the point when it interferes with the navigation of a river, and introduce wells and tanks.

I know the Government is fond of railways, but India, having so many magnificent rivers, should first keep its natural high ways alive, and then turn to railways, where there are no rivers and no navigation canals are possible, but pray do not kill our rivers for the sake of railways. Canalise the rivers, levy tolls and keep them alive.

The Military Policy of Government does not hold any prospect of change except what little consolation we may get by knowing that an investigation will be undertaken regarding the combatant strength of the army in India by a Sub-Committee of the Committee of Imperial Defence, in which we shall perhaps not be represented.

I say, again, take courage in both hands, and reduce your army and save India.

The Afghan War has reduced our surplus to a deficit of some 23 crores. But, pray, what led to the Afghan War? Fortunately for us it lasted for a very short time. It is said that the Afghans counted upon the disaffection in the Punjab and invaded our territory. The Chief of the Afghan Mission denied it. I know of no rejoinder to it.

Assuming that it was so, why should the Punjabis who saved the British Government in the dark days of Mutiny, and who the other day saved the Empire in the battle-fields of France, and who are proverbially loyal, should all on a sudden turn disloyal? I would Sir Michael O'Dwyer had been here to face the music of this House.

Without sound government, no sound finance is possible.

Who knows that even if we vote all the demands, some foolish or indiscreet act over which we shall have no control will not convert our surpluses into deficits. Take, for instance, the present Frontier policy. Have we any hand in shaping the policy towards these unruly Frontier tribes?

We leave everything to Frontier Political Officers, who can make or mar as they like. We give generous allowances to the tribes only to rouse their cupidity and demand more, we open avenues of employment to our sworn enemies, only to enable them to turn against us at the first opportunity.

But why have you not armed our own people to defend themselves, why do we not rigorously exclude all these tribes from our territory, why not put barbed wire entanglements at those places from where these tribes enter our territory. I am yet to be told that this is impossible or impracticable.

In the past we were not taken into confidence; let us hope, in the future, we shall have a share in guiding the policy of the Government, and when we shape the policy, we must share in the financial responsibility which it involves; but, till then, it is a matter of very great and careful and anxious deliberation on the part of this House, whether it should be a party to a financial responsibility when it cannot influence the policy of the Government of which it is the outcome.

Mr. B. Venkatapatiraju: Sir, I cannot help admiring the Honourable Mr. Hailey for the consummate skill displayed in the preparation of our Budget and the splendid presentation, in eloquent terms, though surrounded by insurmountable difficulties not at all of his own seeking. The great war has shaken the economic foundations of several countries of far off India as well. The munificent contribution of 100 and odd millions by poor India, though laudable, crippled her resources. The anxiety of great Mr. Montagu to have the reforms passed reconciled him to the increase to the fat pay of civilians in this the costliest administration of the world, being thrust on India. This evil example necessitated an all round increase of emoluments of low paid officials bringing the finances of the country to the brink of ruin. Mr. Montagu, misled by experts, encouraged the sale of Reverse Councils costing the country 35 crores, nearly exhausting our Reserves, resulting also in trade depression, followed by the fall of exchange and inability of Europe to purchase our products. Public debt increased, public credit has gone down ; deficits have become common here as well as in the provinces. Prices have gone up, the life of the poor has become unbearable. The Punjab Tragedy with a barbarous exhibition of temper humiliated the nation and convulsed the whole country. We know such violence is wicked and aggravates the horrible moral disease among the people, but the guardians of law should not be guilty of lawlessness. The ill-judged action of humiliating Turkey estranged the feelings of our Muhammadan brethren. Non-co-operation followed, creating consternation, though veiled, in the minds of our rulers who are not venturing to lighten the military burden, being already frightened out of their wits by the activities of the wild tribes in the North-West. They suspect the Afghan rulers' intentions, as the way of Alexander still lies open to direct again over the plains of Hindustan, these raids which have already cost the country over 30 crores in recent years. They are confirmed in their view that the instrument of force and the agency of fear alone can maintain their supremacy here. Thus our Ministers having inherited the sins of the past the present financial difficulties which have resulted are rooted in unhappy past. The Finance Member has presented a masterpiece of apology to increase the taxation to the tune of 20 crores. Repentance and apology, however ample, do not bring

comfort to suffering humanity. Can we congratulate either the Finance Minister or the Government of India on their wonderful achievements ? Let me say frankly that our bureaucracy is suffering from squander-mania. Let us do our duty for the chivalry of this age is the ideal of public duty without fear or favour. The principles underlying this Budget should be examined with microscopic care. A consistent policy is absent creating a suspicion of bankruptcy of statesmanship. The increase of salaries on a scale of magnificent profusion, the appalling increase of military expenditure, the multiplication of departments, where need is not patent and the creation of new posts, all speak with one voice that extravagance will be rampant unless it is timely checked. It will delay the prospect, nay the possibility of improving education, sanitation, industries and commerce and thereby bring contentment and happiness to the people. We must fight these champion patrons of profuse expenditure by relentless warfare against every proposal of extravagance. Administrative expediency or political necessity should not blind us to the opportunity of development and the necessity of progress. 20 crores out of this pathetic waste can well be spent on widespread education, industrial progress, increased production and the accumulation of necessaries of life for the creature comforts of civilised existence. The changes advocated in the Budget should be examined as a business proposition of the nation as though it were a business firm in which the citizens are share-holders and the Government mere directors accountable to the country. We find no trace in the whole Budget of the setting apart any sum for development functions to secure the national progress. Does the Central Government exist as mere tax gatherers to spend on services? Let the educated Indians who were often charged wrongly by the Government for neglecting the interests of the large mass of people, ask them squarely whether the Budget proposals come up to the mark. Phenomenal dependence on land is making the people helpless in the economic world. Heavy taxation is sapping the resources of the country. We have tremendous leeway to make up in industrial development. Responsibility, responsiveness and simplicity are the three virtues which our Government is not guilty of. Experts with their skilled knowledge should not become bureaucrats in the sense of getting out of touch with popular aspirations. We do not want a top-heavy administration, much too costly for our resources. No scheme has been undertaken for improving the condition of the masses, unless new Delhi construction is claimed as such. Augmentation of numbers and salaries in all departments is the order of the day. In the matter of revision or re-revision of either strength or emoluments the Government are only too ready to support the former and the services are not backward in urging their own claims to the latter. To keep down the level of avoidable expenditure and to bring about a striking advance in the material and moral progress of the nation, advocacy of a rigorous policy of retrenchment and economy is vital. History teaches us that the struggle for constitutional Government has been all along to secure control over fiscal affairs. He who controls the finances of the State controls the nation's policy. The Government should recognise that the States do exist for the purpose of protecting the interests of the people and their permanence will solely depend upon the contentment and happiness of the people and the services rendered should be given at the lowest possible cost. The paramount duty and the chief service of the Government is to provide conditions under which the activities of citizens may flourish and prosper. Let me refer to the military budget which the Finance Minister says we can effectively criticise to-day. It is a well known maxim that policy determines expenditure. The Government policy should be attune to the capacity of the country to bear the burden. A wave of deep despair passed over the Assembly when the normal military expenditure is stated to be 58 crores with 4 crores extra for contingencies. Is this conducive to the achievement of the apparent object of Britain to raise India to be a contented, prosperous partner of the British Empire? When the country is yearning for a rigid economic administration, the Budget seems to mock us. The Brussels Conference, which was referred to by the Finance Minister in this Assembly more than once urged on the attention of every Government to pay its way and make both ends meet, else it would be heading to general ruin. The first step should be to 'stop the hole' and restore solvency as a prelude to healing and ameliorating the condition of the masses with a view to their carrying out the social reforms which the world demands to-day. The first essential, they say, is to cut down expenditure. The Conference pointed out that on an average, about 20 per cent. of the national expenditure is still being devoted to the maintenance of armaments and the preparation for war. The Conference solemnly passed the following Resolutions :—

'The Conference desires to affirm with the utmost emphasis that the world cannot afford this (20 per cent.) expenditure. To regain their old prosperity the whole resources of each country must be devoted to strictly productive purposes. They recommend most earnestly to all countries to secure a general agreed reduction of the crushing burden which on their existing scale (20 per cent.) armaments still impose on the impoverished peoples of the world, sapping their resources and imperilling their recovery from the ravages of war.'

I may illustrate this by stating that in 1920-21 the richest country, England, spends 230 millions out of an income of 1,418 millions though they anticipate the normal peace expenditure on the army will be 70 millions (Army 125, Air Force 21, Navy 84) while providing for public education 56 millions, for old age pension 25, and payment of debts 315 millions military expenditure comes to 16 per cent. The great dominion, Canada, spends on Military and Defence 4 million dollars, mounted police $2\frac{1}{5}$ millions, naval services 2 millions, for soldiers, land settlement which ought not to be taxed under military head she spends 25 millions, totalling all these comes to $33\frac{1}{5}$ million dollars, out of a revenue of 312 million dollars, less than 11 per cent., while it provides subsidies to provinces of 11 million dollars and several millions for development purposes.

South Africa spends on defence 1½ millions out of an income of 20 millions, *i.e.*, less than 8 per cent. New Zealand spends 8 lakhs out of a revenue of 220 lakhs. The Argentine Republic spends about 6½ millions out of a revenue of 40, less than $\frac{1}{6}$. Italy spends less than $\frac{1}{7}$, Norway spends less than $\frac{1}{9}$, Portugal spends $\frac{1}{5}$, Spain spends $\frac{1}{6}$. Look at our picture. In spite of the vastness of the country and dependence on England, before the Mutiny in 1856, the Indian Army consisted of 40,000 European soldiers and 215,000 Indian sepoys, costing the country 12¾ crores. After the Mutiny, the British troops were raised to 75,751 and Indian troops reduced to 158,932, but cost the country Rs. 14½ crores only. It came up to 17 crores by 1885. Lord Ripon was the only Viceroy who reduced the military expenditure. Since then it has gone up to that before the war; we are spending 30 crores. Now we are asked to spend 63 crores in peace-time. The Finance Minister admits that out of the present total expenditure in India, including that of the provinces, 33½ is spent on defence, 4 per cent. only for education, ¾ per cent. on sanitation. Our Finance Minister says, further reduction of the fighting forces is not justifiable. In 1913, the British regular army was 125,683, of whom 5,976 were officers, and those abroad were 121,623, of whom 4,815 were officers. Out of them 73,378 rank and non-commissioned officers were serving in India. The officers' figures were noted in the statistical abstract. In 1914-15 in India there were 2,689 British officers, including the ranks, a total of 75,575. The Military Budget gives British officers 6,276—97; British other ranks 73,684—1,387; while the post-war strength proposed was British officers 6,931—110; other ranks 70,672—1,287; the total being 79,000. Indian officers and ranks proposed was 1,53,443. Besides the civilians serving in the Army 11,506 and followers 65,103 with 1,355 British reserves, 53,257 Indian reserves, with an estimated expenditure of 62 crores 20 lakhs. I may mention here, that the regular British army, whether at Home or abroad, is paid for by the Imperial Exchequer while receiving small contributions from certain dominions towards its upkeep; while India was made to pay the whole cost besides being compelled to pay contributions towards the cost of troops at Home, even while serving as depôts for the regular troops in India. Even Ceylon pays only ¾ of the Imperial garrison. Britain ought to pay for British troops, either wholly or partly, if they are kept here, either for securing the British domination or for Imperial purposes. The Army amalgamation scheme of 1859 was forced on India against the opposition of the Indian Government, necessitating a payment of increase of pay, pensions and other charges increased in England. Is this a fair partnership between rich England and poor India? Should we not put an end to this? The London *Times*, after reading the Indian Army report, protested against the ignoring of Indian interests and the saddling of India with burdens necessitated by Imperial policy. The Finance Minister is paying lip service to the virtue of economy by speaking of drastic retrenchment of Military expenditure. He glories in the fact that the Military authorities originally pressed for, and have been denied, a very much higher figure. Bravo! As Lord Salisbury said: if we allow the Military authorities to have their own way they would insist upon annexing the moon on the ground that the Martians would forestall him and make it a strategic base against this Planet. The Minister felt the necessity of admitting that the Budget figure cannot be contemplated with equanimity on financial grounds. He perhaps should have seen that, if the present ruinous course is allowed, he would find the treasury utterly exhausted, the country financially ruined, and the bringing about of administrative chaos by the heaviness of waste. If the Government cannot reduce this figure as the Assembly has no right to vote on the Military Budget to bring about indirect pressure, the last recourse seems to be the rejection of the Budget, which would direct public attention throughout the world to this crying scandal. We will then see what the League of Nations, which is described as the scientific assemblage of the consciences of the world, would think of this. When the military expenditure in India was increased to 15 crores, the then British statesman stated that it was extravagant and crushingly exorbitant, if not scandalous. Would anybody doubt the rightful application of the last word as stated by some papers when it was increased to four times that figure when the revenue of the country was hardly doubled? Is it fair to a poor country like India—Is it morally defensible—is it politically desirable? Should not India have a place in the sun with a recognised nationality and position of its own? Should we not live up to the immensity of our resources and the grandeur of our destiny, instead of the country being poverty-stricken, as India is to-day. Should we regard excessive expenditure as a set-off against heavy taxation? In taxation had not India been subjected to continual blood-letting? Have you not thrown on India all sorts of administrative luxuries beyond her means? As the Military secrets are a sealed book to us we may not be able to suggest detailed proposals and the time and occasion may not be suitable. But to give emphasis to my point, I may state that the late Mr. Gokhale complained times without number of the abnormal growth of military expenditure giving ample reasons in support of his contention. I may mention a few of them. The strength of the Army was increased in 1885 in spite of the protests of the Finance and Law Members of the Government of India, that the existing strength of the army was really sufficient for all purposes of India for keep-quiet within the borders and for repelling agression from abroad. Viscount Rothrum now says regarding England that there should be reduction of the British Army to one lakh and the Navy as in 1885, before the German menace. The Army Commission of 1879 of which the *guru* of our Commander-in-Chief, Lord Roberts, was a member, stated the same thing. In India, the increase was made on account of the Russian scare though everywhere else the garrisons were reduced to their old proportions. As the scare passed away, in India alone the burden remained. Lord Roberts said, that an army of 60,000 British and 120,000 Indians was ample for repelling foreign aggression even if Russia and Afghanistan combined. General Brackenbury (Member of this Government) admitted that the present strength was in excess of India's own

requirements, and that a portion of it was maintained in India for Imperial purpose. This was established by depleting India of the major portion of our army to fight in foreign lands in the great war without endangering the safety of India inside or outside. Besides, our Army is for all practical purposes, a standing army maintained on a war footing, even in times of peace. In England, the normal rule is that formations serving at Home are on a low establishment, while the establishment abroad is higher, but in India peace and war establishments are practically identical. Is it just ? On mobilisation for war the ranks may be brought up for war establishment. Besides for all this wasteful expenditure there is no proper system of reserves or strong auxiliary supports. Even recruitment charges with additional transport charges are heavier year after year. Why not train the officers, both British and Indian, in this country as is done in the Royal Military Academy and Royal Military College in order to reduce the expenditure ? Why should you not trust us and train us to defend our country and our Empire? Sir Edmund Elles said in the Imperial Legislative Council that the Indian Army is no longer a local militia for purely local defence and maintenance of order and that it must be in the future a main factor in the maintenance of the balance of power in Asia.

The Honourable the President: Order, order. I have watched the Honourable Member and assumed that this was his last page. Therefore, I allowed him an extra minute.

Mr. R. A. Spence: Mr. President, I desire to express in the first place my keen sense of satisfaction that the first statement of this country's affairs set before this Honourable Assembly should also be the first to be expressed in terms of the currency of this country. Any statement of accounts is a screen ; it is either a screen behind which facts may be hid or one upon which they must be displayed and I am sure it will be this Assembly's desire that the Budget statement set annually before us should emphatically be the latter.

The question of exchange has obtruded itself upon us in the last year with such bitter insistency that it is a relief to find it introduced into the future as little as is possible, but where it has to be introduced I cannot but feel that the Honourable the Finance Member would have been a wiser, had he been a bolder man, and doubled his estimate of exchange loss in the coming year by framing his estimate of sterling outgoings at 1*s.* 4*d.* in place of 1*s.* 8*d.*

While on this subject I cannot refrain from expressing admiration at the skilful steps taken by the Honourable Member to minimise this loss by the dexterous uses he is making of the existing Paper Currency Reserve, though I should like to inquire whether the adjustments to be made in respect of recoveries from the War Office, which are in large part to take the place of Council Bills, will be calculated, as those Bills always were, at the market rate at the date of sale or at the rather rosy rate assumed in the Budget, for I, an Englishman, cannot conceive it just that India, as an agent for England, should expend fifteen rupees and receive twelve in return.

I appreciate to the full the really honourable sentiments underlying the Honourable Member's somewhat cynical bewailment of the necessity for being honest and welcome his scheme for the partial amortisation of our debt, but I feel, and I think from what he has said that he himself feels, that he has not carried his policy far enough.

He speaks of the necessity for new borrowings ; lenders of money are apt to judge the credit of a borrower by his record in the past. Neither for men nor for nations is it an honourable course to borrow without a scheme of repayment. He has told us that on account of the immense burdens which it is necessary to lay upon the body politic, he shrinks from the more heroic measure of an attempt to amortise the whole debt, but has he seriously considered the cost? The total of the 3 per cent. and 3½ per cent. debt, translating the sterling at fifteen rupees per pound, is about 360 crores. A sinking fund of 51 per cent. per annum invested at 3½ per cent. would extinguish these loans in 60 years ; that is to say, the maximum annual sum required would be 1¾ crores, but, if the sinking fund were invested in the security itself at its present depreciated value, it would not cost a crore. Naturally under this tonic influence the security would tend to rise in future years and to strengthen in value and the relief, which the Honourable Member is anxious to bring to the depressed holders of these securities, could be purchased with a crore in this year's Budget coupled with a promise of similar provision in future years, never exceeding at its maximum 1¾ crores. Thus the credit of India would be enhanced, her ancient faith in her 3½ per cent. securities restored, borrowings for the future made an easier matter than they are at present and the confidence of the people in the Government strengthened. The Government of India would stand declared before the world as a Government honourable in its dealings.

The Honourable Member has deplored (and I am sure the House weeps with him) that he cannot be more generous to the Railways, but in his admirable exposition upon currency he has not explained precisely the existing policy of Government in regard to the Paper Currency Reserve. Years ago the holder of a ten-rupee note knew that behind the document of no intrinsic worth lay five rupees in bulion and five rupees of sound Railway stock of this country and was able to feel a glow of natural patriotism in the fact that by accepting paper for bullion he was in effect benefiting the interests of his country in a manner visibly apparent. Later, there was a change and the second moiety was remitted to England and there invested in British securities. Sound statesmanship underlay this change in policy for it was deliberately undertaken with a view to stabilise the exterior exchanges of an exporting country and, though the capital growth of railways was

in some measure starved, the gain outweighed the loss. Early last year, the Government, influenced by I know not what hellebore, jettisoned a policy which, if it was disturbed by abnormal extraneous events for a time, had been efficient and effective for many years and might well be relied on to regain its position when other positions were restored and it is well worthy of consideration whether, in view of the events of the past year, it would not be a sound measure to return to the practice of investing the second moiety of the Paper Currency Reserve once more in our own Railways. The Government has thrown up its hands in despair at any suggestion that something might be done to rehabilitate exchange. If the motive for the present practice disappears, why should the practice itself remain?

The Honourable Member has told us with honour to himself and satisfaction to us all that he has succeeded in re-establishing the metallic basis of the currency. Will he not consider the other matter also? He pleaded in terms of affection for the life of the goose that lays the golden eggs. What anserous policy could be more cut-throat in its character than that followed by the Government in causing all Railway earnings to be paid direct to the Government Treasuries and the officers of Railways virtually to petition for their necessities of life? Railways are of vital importance to the country and their earnings should be devoted in the first instance to working expenses, in the second to the replacement of wear and tear, in the third to some measure of reserve for the future and only that portion of the earnings should find its way to the coffers of Government as the Capital Owner, as would ordinarily find its way in the form of a dividend into the pockets of the shareholders of a company. You cannot starve the Railways and feed the country.

It is idle to load upon a Budget, already crushingly heavy, new burdens such as I have suggested without some constructive suggestion as to how they might be borne. May I therefore offer a few words of criticism on the proposed new taxation. I approve definitely the proposed additions to the Customs Revenue in principle, but I doubt if the addition proposed to general import duties will in effect yield what is expected and I consider the increase should be from 7½ to 12½ in place of 11 and this will add to the revenue a further 1½ crores, if the Honourable Member's anticipations are correct. Any measure, which for the moment checks the influx of imports and allows our trade to resume its former balance, will be of advantage to the country at the present stage. On the remaining duties I have little to say. As an importer of liquor, I shall see that the added duty passes on to my consumers, to whom I consider it is really addressed. With the tax upon luxuries imported I am in sympathy, save that I think that if the Honourable Member passed his monsoons where I habitually do, he would consider an umbrella a necessity and not a luxury. The duty on imported sugar should serve to strengthen a growing agricultural interest of this country.

I venture with all due apology to express my opinion that the new increased surcharges upon railway freights is clumsily contrived. It is admittedly a temporary expedient, but even so I consider it should take the form of a primage of so and so many annas or pies per rupee upon all existing railway freight and I may point out that a primage of one anna per rupee would have the same effect and produce the same result by a far easier method than the special freights outlined and the burden would be shared equally by all commodities over all distances in place of falling upon some disfavoured ones.

The principle that increased working charges of a railway must be compensated by increased charges to the railway's customers is undoubtedly correct, nor do I think that any sharp line of demarcation should be drawn between the living and the dead freight of a railway train. Passenger fares have already been increased by 25 per cent. in all classes and I think the trade of the country, having regard to the fact that all rail freights are in practice recharged to the ultimate consumer, would not suffer by a greater enhancement than is proposed. Every anna of increase per rupee by way of primage would yield 5½ crores, every pie 45 lacs.

With the question of military expenditure I feel that I dare not deal. I doubt not that an honourable battle has been joined between the Finance and the Military Departments and that laurels have been fairly won and may be honourably worn upon both sides. I am sensible of the vital importance to the country of an ability to conserve our frontier against all possible dangers and I am content to accept the teaching of skilled professors as to what may be necessary to that end.

The Honourable Member has told us that he will not say whether it was he himself or the Secretary of State who was responsible for the Exchange policy of last year. It is a long-standing political canon that India can only be governed on the spot. It is an old cry in India and a pathetic one that '*Delhi dur hai*' Railways and telegraphs have not done much to lessen the distance between the peoples of India and their Government, but they have brought Delhi into closer intimacy with Whitehall; and I trust that the effect of these new Councils, in which every Englishman will desire to act first for the benefit of India, of which country, even if his sojourn be but temporary, he is yet a citizen, will be to bridge over the gulf between the Government and the governed and arrange the details of Government on the spot.

Mr. Rahimtoola Currimbhoy: Mr. President, I feel sure that this House will agree with me when I say that our best thanks are due to the Honourable the Finance Member for the lucid manner in which he has presented the Financial Statement and the Budget Estimates for the ensuing year. The Budget will cause no great surprise in the country as it

was generally expected and especially by those who were carefully watching the trend of events that it was going to show a heavy deficit.

The main features of the Revised Estimates for the year 1920-21 are the heavy Army expenditure and the increases in pay given to the railway staff, the Railways and the Army accounting for a difference to the tune of 22·80 crores, and the gains from Customs and Income-tax being absorbed into deficits under different heads. The year also witnessed the passing away of the trade boom and also the adverse balance of trade against her. Here I would like to take friendly exception to that portion of the Honourable the Finance Member's speech dealing with the question. He said that 'There are people who have convinced themselves that the present overstocking of the import markets is attributable to the exchange policy followed by Government.' At the risk of being classed among 'people with whom it is impossible to reason,' I venture to assert that the policy of maintaining the exchange by selling Reverse Council Bills did give greater impetus to the import trade the results of which we are all feeling to-day and which we all deplore. He also referred to the recommendations of the Currency Committee appointed in the year 1919. I put it to this House whether its constitution was such as to inspire confidence from the Indian point of view. Was it due to dearth of men available? For I find that excepting Mr. Dalal whose fears have unfortunately proved true not a single Indian was appointed. I also venture to maintain that the policy of selling Reverse Councils at a time when exchange was not going down ended in frittering away the country's resources; and be it also remembered that it was persisted in against Indian public opinion, especially from the Bombay side. I regret to say that this Indian public opinion was completely ignored. However in common fairness I do not throw any blame on the Honourable the Finance Member for I believe that the policy was dictated by higher authorities.

Sir, coming to the revenue side, the suggestion to raise the import duty from 7½ to 11 will meet, I feel sure, with the full support of this House and of the country.

Sir, the announcement by the Secretary of State of a commission to inquire into the fiscal tariff and the question of Imperial preference will also, I believe, be supported by the general public. I sincerely trust, that the constitution of that commission will be such as would command public confidence in this country.

The Government's proposal to set aside a sum of 80 lacs for the amortising of the two 5 per cent. loans will be favourably received by the investing public. I wish I could say the same thing about the Military expenditure. The proposal to set aside 62 crores for the Army expenditure is out of all proportion to the revenues of the country. As this House is aware we have no power to vote for Military grants but I do believe that it will be perfectly entitled to express the opinion that the country is not in a position to bear this heavy burden. As a layman, I am not in a position to know what the needs of the situation are and I shall be chiefly guided by the opinion of His Excellency the Commander-in-Chief. But still we are asked to sanction a Budget 50 per cent. of which has been allocated for defence purposes. I should like to urge upon the Government the great necessity of reducing the number of British troops in India. This Assembly owes a debt of gratitude to the Finance Department for the able stand they took up on the side of the Indian tax-payer before giving over the demands of the Military Department.

Sir, in the proposals for additional taxation I find that the Government intend to increase Railway rates, particularly on goods traffic. I would earnestly request the Government to consult commercial opinion both Indian and English before the question is finally settled. I would have preferred a larger sum than 15 crores for Railway purposes if it was possible. Here I would like to know whether the profits of the railways in war-years were arrived at after setting aside amounts necessary for repairs and renewals. I would most earnestly commend to the attention of the Government the necessity of purchasing stores for railway purposes as far as possible in India and to furnish a statement to this Assembly of the nature of the stores purchased.

I sincerely hope that the 5 million sterling loan which the Secretary of State intends borrowing will be on the same terms if not more favourable as the capital available in this country. Representing as I do, Sir, the cotton industry on this Assembly, I must offer my grateful thanks for having put us into a more favourable position than before. In ordinary circumstances, I should have pressed for the abolition of the Excise duty, but realising fully the urgent needs of the Government for more revenue, I do not intend to do so till a favourable opportunity.

Here I would also ask the Government to allow the exemption on stores which are imported for the bare purpose of converting it into cloth. Sir, the revenue expected by the Government is a small one, but on principle I maintain, that no article should be taxed double the amount. Sir, it is a matter of great regret to find that while other countries, such as England, are taking all possible steps to reduce taxation, this country should feel the necessity of shouldering fresh burdens of taxation. I know I will be told that the rate of taxation is very high in other countries. True it is so. Within the short time at my disposal I will not weary the Assembly with facts and figures and I do honestly hold that if the income per head is taken into consideration, the incidence of taxation in this country is much higher.

Finally, Sir, before I conclude, I frankly admit that the Honourable the Finance Minister has been able to meet a very difficult situation by wise schemes of taxation and by throwing the burden upon all classes of people from the richest to the poorest. I have no doubt in saying that the Honourable the Finance Member has displayed great judgment and wisdom in framing the Budget.

Mr. Jamnadas Dwarkadas: Sir, I desire, at the outset, to offer my congratulations to the Honourable the Finance Member for the able way in which he has presented before this Assembly his Financial Statement. I do not think I should be wrong in saying that in presenting the Financial Statement he rendered the dullest subject of finance most interesting. However, as he himself said, no one can envy the task of the Honourable the Finance Member.

Various causes have contributed to the year being particularly unhappy. Nor is the task of the Members of this Assembly to be envied. We are confronted with a gloomy budget anticipating a large deficit of 18 crores to be met by increased taxation. Taxation is always an unpleasant thing and, in this particular instance, taking into consideration the depressed state of Indian trade, it becomes more unpleasant and unwelcome. Now what is the principle on which this taxation has been based ? So far as that is concerned, I think this Assembly will agree with me when I say, that assuming that the deficit of 18 crores is justified, then the Honourable the Finance Member could have found on the whole no better way of providing for increased revenue. But I must draw the attention of the Honourable the Finance Member to the various items of expenditure that have made it necessary for him to propose additional taxation. The first and foremost that comes to our minds is the military expenditure. Then, there are Railways, and other departments which also include 5 crores, the amount which will be our loss on exchange transactions. Now I appreciate the efforts of the Honourable the Finance Member in curtailing the Military expenditure as much as he possibly could. I admit that unforeseen circumstances necessitate the maintenance of the pre-war level strength of our Army, but I do think, that it is high time that we looked carefully and minutely into the details of military expenditure with a view to make it possible to have a wholesale reduction in it. As has been pointed out, India is too poor to afford this heavy Military expenditure, and unless it is possible for us to make a wholesale reduction in it, it will not be possible for the Reforms to achieve the end in view, namely, to contribute to the moral and material welfare of India and to see to its promotion in all directions. The appointment of an inquiry committee would, I believe, be a welcome step. Regarding the present strength of the Army, it is contended that it comes up to the pre-war level. While that is true, what I ask is this, with the addition of Air Force and the up-to-date mechanical equipments are you justified in maintaining the strength of the Army at the pre-war level? I hope I am not trying to probe into unknown regions, but it does not stand to reason that the strength should remain the same when all the up-to-date facilities are existing and enormous sums have been spent in providing them. The total expenditure of 62 crores and more, is more than 50 per cent. of the revenue.

Then, coming to the other heads of expenditure, I find that in the revenue from Income-tax, it is provided that a refund of 104 lakhs has to be made. I do not see and I cannot understand the necessity of the refund of such a large amount. If you take the ratio of the refund and the revenue derived from the Income-tax for the years 1919 and 1920, you will not have to refund more than about 40 to 50 lakhs of rupees, or even less, about 30 lakhs of rupees. This will mean a total saving of about 75 lakhs from the total deficit which has been presented by the Honourable the Finance Member.

Then, again, if you take the departments of Customs, Salt and Opium and refer to the expenditure items, you will find that the expenditure has suddenly jumped up to almost double in certain instances from the increased expenditure that was provided for in the Revised Estimates for the current year, namely, 1920-1921. For instance, in Salt alone, 32 lakhs of rupees more have been provided for; in Opium, 21 lakhs more have been provided for, in items 10, 11 and 12, 55 lakhs have been provided for, and in Customs 10 lakhs have been provided for. This increased expenditure, to my mind, in view of the fact that we have to face a large deficit owing to the Military expenditure, is inexplicable and unwarranted. I believe, we could have gone on on the expenditure that was provided for in the Revised Estimates for 1920-1921. Well, if these retrenchments are accepted and worked out, I believe, the deficit of 18 crores could be reduced to a little more than 16 crores. This might enable us to do away with the enhanced taxation generally, as well as the increased postal rates which are likely to be a tax on the pockets of the poor people.

Now, before I come to the various items of taxation, I must deal with a statement made by the Honourable the Finance Member. The Honourable the Finance Member has put in an apology for the Government and tells those who believe that the existing depression in the export trade was in some way attributable to the exchange policy followed by the Government to bear certain considerations in mind, such as internal prices, inflation of the currency and external exchange. He then quotes Lord Cullen to the effect 'that the exchange of any country is merely a reflection or symptom of that country's condition.' Further, 'We must continue to pay our way both externally and internally, and then unless there are special conditions which impair our neighbours' confidence in us exchange will right itself.' The Honourable the Finance Member then says, 'to attribute the present trade conditions in India to a policy which was enunciated 12 months ago, and has obviously not yet been made

effective in practice, is a curious inversion of facts.' I am compelled to say, that this kind of argument is a case of special pleading and is hardly compatible with the desire for frankness which the Honourable Member undoubtedly has. Lord Cullen's dictum is sound; but as placed before us it is only a half truth. As applied to this country, what it would convey, is this—that our abnormal rate of exchange of 2*s.* and more last year were reflections of the country's abnormal export trade balances and as things return to normal conditions, exchange would again be at the pre-war level. Does the Honourable Member mean to convey that we shall go back to the pre-war level of Rs. 15 to a sovereign? If he does not, then his quotation of Lord Cullen is misleading.

His claim that Government should be absolved from all blame because their new rate has not yet been made effective is equally misleading. By artificially raising the rates of exchange to the neighbourhood of 3/-, they undoubtedly hampered the free flow of our commodities and prevented India accumulating a larger credit balance at a time when the world was both willing and able to buy. The same artificial rate of exchange made manufactures of Manchester and Birmingham look very cheap in Indian currency and led to those enormous purchases the consequences of which we all rue to-day. After all this, it is amazing that the Honourable Member should even think of disclaiming the consequences of the disastrous policy pursued during the past 12 months. We are told that looking back, 'it is enough to realise that the circumstances in which the new policy was launched were exceptional and that currency conditions throughout the world were in a highly abnormal state, etc.', the implication being that no one could have foreseen all this. But this is not the case. The Currency Committee was distinctly warned by the representatives of the Exchange Banks, by Sir David Barbour and others. They were warned by the single Indian member who sat on the Committee; I mean that able Indian financier, Mr. Dadiba Merwanji Dalal. I say, they were warned that times were abnormal and that no action should be taken until the return to more normal conditions. The same thing was urged upon them by the Indian Merchants Chamber of Bombay, but the Government turn a deaf ear to all such warnings and now have no hesitation in coming and telling us that nobody knew. But not only did they turn a deaf ear to all such warnings, but tried to put exchange up artificially to the level of their new 2/-gold rate again in the teeth of the most emphatic protests from the whole of the Indian commercial community and in a way that has put this country to enormous unmerited losses.

This country has a right to know on whose advice this disastrous policy has been so obstinately pursued and it is not enough to be told that it is not in the power of Government to answer these inquiries. I ask, why? What is the justification for concealing this material fact from this country? Is it because that it will once more expose the fact that the Lombard Street clique is at the bottom of all this and really pulls the wires, of the financial policy of the India Office. The Honourable Member charged those merchants who are unable to pay their Sterling Bills and, therefore, would not meet the drafts unless they be at 2 shillings, with wanting in commercial morality and disclaimed responsibility for misleading them. He says, the merchants should have covered their exchange. I hope he has not forgotten that the allotments for Reverse Bills were so hedged in that hardly any *bona fide* importer of piece-goods or hardware got any share of them, nor ought he to forget that the Government claimed that theirs was the only correct rate of exchange, nor that the market rate was 3 to 4 lower. How could merchants cover their engagements at 10 to 12 per cent. under what they were told by Government was the only correct rate. The bulk of the business on which the present deadlock has arisen was booked during February, March and April last year when Government claimed that the correct rate was 2/10. Why were merchants to blame on basing themselves on only 2/- sterling? Were they to treat the enormous losses the Government was making deliberately on Reverse Bills as a huge joke? To use the huge resources of the Government openly and deliberately with the object of putting up exchange to 2/- gold and to deliberately incur enormous losses in the pursuit of this object and then coolly to tell the importers that Government never meant to keep exchange at any particular level and that importers had no business to base themselves on 2/- is, I am constrained to say, hardly worthy of a great Government. The fault of importers was, if it was a fault at all, that they took Government's words seriously. If it is true that the Government themselves had doubts as to the success of their attempt to establish the ratio at 2/- then their obstinate persistence in the sale of Reverse Bills becomes liable to the severest condemnation, but with regard to the situation that has arisen I shall not merely confine myself to this rather severe criticism of the Government policy, but shall venture to make a practical suggestion which may help its early solution. I venture to suggest, that the Government should at once proceed to appoint a committee consisting of the representatives of the shippers, the importers and the dealers—the three interested parties—and representatives of the various Chambers of Commerce and a Government representative to go into the whole question and bring about a settlement. I realise that in ordinary circumstances, repudiation of contracts apart from being absolutely unjustifiable would be tantamount to dealing a death-blow to the international credit of India. I am not making an attempt to justify the repudiation even in these circumstances, but, I do submit, that the situation has been brought about by Government's action and it is due to the importers in the interests of the trade of India that the way out of the difficulty should be found. If this is not done and payments of drafts insisted on even by resort to law courts, I am afraid, it will not be possible to recover more than 30 per cent. of the actual dues. The losses are so enormous that it is a physical impossibility

for merchants to meet them. The consequences of this will be that the commerical relations between England and India will be considerably hampered to the ultimate detriment of both England and India's trade.

Coming now to the taxation side of the Financial Statement . . . .

The Honourable the President: I am afraid I cannot allow the Honourable Member to open a new subject. He is already half a minute over his allotted time.

Haji Wajihuddin: Sir, I cannot but congratulate the Honourable Finance Member on the eloquent speech with which the present Budget has been introduced to the Assembly, but I do not withhold myself from telling the plain truth that the same is looked upon with great dismay throughout. It was not the time at all to impose any fresh burdens over the country, specially on the poorer classes when there were so many heavy burdens already in existence, say, trade depression, falling exchange, high prices, etc. The Providence was already against the fortunes of the country, as matters which are controlled by it, such as rain-fall, etc., were already in a backward state, and the Government has now added to the difficulties all the more.

I fail to understand how the Honourable the Finance Member has distributed the articles under various parts in the Import Tariff. It is said, that a general increase in the Import *ad valorem* duty is proposed from 7½ per cent. to 11 per cent. except in certain cases of luxuries. I find most of the luxuries in Part IV to be taxed at 11 per cent. *ad valorem*, while some of the articles of daily necessity, specially to the poorer class, are prominent in Part V. Moreover, one of the most undesirable articles at present uncalled for for India, *viz.*, aeroplanes, are classed in Part III to be taxed at 2½ per cent. for which even a duty of 50 per cent. was much too little. I find item 109 Perfumery and item No. 104 Jewellery and Jewels in Part IV, and I leave it to the House to decide whether these are real necessities, or mere luxuries. On the other hand, one is surprised to find clocks and watches, cycles and parts, and umbrellas in Part V, which are the articles of daily necessities. Is there any house, however poor it may be, where a time-keeper is not prominent at present, and really it should be made prominent as without it one is quite unable to save oneself from waste of time. I am an importer of cycles and possess a very large experience of this trade. I am, therefore, more competent than any one else, to say if a cycle in these days is a necessity for a man to earn even his livelihood, or if it used only for some pleasure trips. I know what classes of people mostly patronise me, and with this I can safely say it is a real necessity and must be excluded from this part. I shall be glad to see it taking the place of aeroplanes in Part III at 2½ per cent. I do not think umbrellas are ever considered a luxury, except by those who may wear sola hats or costly water-proofs, and the House will decide for itself what proportion they make to the rest of the population who use umbrellas.

Coming to the postage rates, it is but too apparent that the burden of the enhancement in postage rates, as it is proposed, will fall on the poorer classes. The well-to-do class who already use heavy note paper and envelopes as a fashion, in their correspondence, and consider it an insult to use post cards, have escaped all risks of this burden, and the poor or the middle class is the only one to suffer. The Honourable Finance Member plainly told us in his speech that revision of parcel postage rates was not proposed, while by looking at the schedule, I find the same has not been left untouched. Perhaps he has not consulted the current Postal Guide which shows a different rate.

As regards Railway surcharge, I do not for a moment like to have piece-goods, which are a daily necessity of life, taxed at the rate of 2 annas. It should have been included with entry I at 6 pies, as it cannot be considered less important than coal or firewood.

Mr. Manmohandas Ramji: Sir, I rise to take exception to one statement made by the Honourable the Finance Member in his speech. Alluding to the credit of India, if importers repudiated their contracts, he said—I am reading from page 77—

> 'I maintain firstly that they were based on expectations regarding the course of trade which were at the time not unreasonable in themselves and were largely shared by commercial opinion in this country; and secondly the causes which rendered it necessary to abandon those efforts were causes entirely beyond our own control. But I would ask the House to remember that I definitely told the Legislative Council last year that it was impossible to say what variations might take place in the rupee sterling exchange throughout the year. Ordinary commercial prudence should have led merchants to cover their exchange. Common commercial morality should at all events prevent those who desire to dishonour their contracts from pleading so unsubstantial an excuse as the failure of Government to make its policy good. I can imagine no severer blow to the international credit of India than that there should be a general movement on the part of some sections of her merchants to announce a policy of general repudiation.'

I take exception to that statement. The Honourable the Finance Member seems to think that the policy of the Government in supporting the exchange was right in the beginning; that later on they saw their mistake and then they felt that it was impossible to support their action. They led people to believe that the exchange would be stable, and on that belief the people purchased to a large extent. But I propose to deal with this point at length later on, because when these statements are made, they are liable in many quarters to mislead people. The point is this: when the exchange was rising, people purchased and calculated their purchases at the rate existing when they were made, and they were induced to do so by the importing houses themselves. How can you blame those millions of people who made large purchases when it was the Department of the Honourable the Finance

Member and the Honourable the Finance Member himself who could not see what would follow and what the result would be. The feeling was there that the exchange might go up to 3/- or more and it was for these reasons that the people made large purchases. Then suddenly the policy of the Government collapsed.

There is a difference between 2*s.* 10*d.*—that is 34 pence and 16 pence—a difference of over 50 per cent., and can any sane merchant take that consideration into account when he traded. People were largely trading on the rupee basis and the importers, in order to secure more orders, induced them to make their purchases in sterling because the exchange was rising, and because they held out hopes that it would rise still higher and the goods thus will cost less. These causes induced merchants to buy largely.

Then what happened? The price of cotton came down from 25 or 26 pence to about 13 pence when goods were delivered. Now it is 7½ pence from 25. The manufacturers pocketed all the profits. Importers got 4 or even 5 times the commission over and above what they should have received, on account of the high prices of goods; and it is the poor merchants who are the sufferers. The circumstances are abnormal and they say that we will make payments only when the exchange goes to 2/-. Is there anything wrong in that, I ask you? We were led to believe that the exchange rate would be stable at 2/- and, therefore, we are right in what we say. At the same time, we asked the importing houses to come to some understanding with the importers, they would not join us. We asked for a round table conference, that was not agreed to, the Government say, it would affect the commercial morality of this country. I say that this is not true. I say that the commercial morality of this country is above that of any other country in the world. In this country, a member of a family always tries to pay up any debts which might even belong to his forefathers. Is there anywhere a commercial morality better than that? This question of commercial morality has been traded in season and out of season, all over the country, and the Honourable the Finance Member also supports it.

There was a conference of the associated Chambers of Commerce at which the Honourable the Finance Member attended to watch over the proceedings. There it was suggested that the Government should come to the rescue of the importing houses and to come to some arrangement whereby the difference between the present rate and the 2/- rate would be met by the Government. Is that a sound proposition to place before the Government by a body like the associated Chambers of Commerce? The Indian merchants never thought of doing that. They could have very well asked Government to meet them in their loss in exchange. Indian merchants did not want to put their money into the coffers of the Government exchequer to cover these losses. What they want to do is to come to some amicable settlement amongst themselves so that a crisis may be averted—a crisis which India has never known, and a crisis which, if it comes at all, will mean that instead of settling goods at the 2/- basis, the loss will fall on the importing houses at somewhere about the rate of 1/3, the Indian merchants will fail and then they will meet with the same fate as that met by the Indian merchants. And the position to-day is this, that about $\frac{5}{10}$ths of the merchants will be ruined if nothing can be done amicably and the losses shared by everybody who is a party to the transaction. If that is not done in the common interest of the country, well, let things take their own course and the consequence will be that very many of the Indian traders will be ruined, many of the importing houses will be ruined and trade will be at a standstill and people at large will suffer.

After saying so much about this policy of the Government, I request the Government that they must not interfere in future about the exchange question. Let the exchange question settle itself. Where is the necessity of meddling with the exchange of a country? Let trade adjust itself and let things be carried out in a normal way. It is advisable that in future Government should not try to prop up the exchange or to maintain it at an unnatural level. Now, coming to the taxations that are proposed, I say, I do not know whether they are working on some precept knowledge of what the effect will be on the trade. In the case of matches, Sir, the proposed taxation, though it sounds very small, a pie per box of matches, still when you come to reduce it to a percentage, see the difference it makes. A gross of match boxes are sold wholesale in Bombay at Rs. 1-2 lowest grade and about Rs. 1-6 highest grade, 12 annas on Rs. 1-2 or Rs. 1-6 or, taking the average, Rs. 1-4. What percentage is it? Not only that, but the later provision in the tax schedule provides that if a box contains more than a fraction of 75 it has to be charged double duty, *i.e.*, Rs. 1-8. Now a commodity which is sold at Rs. 1-2 per gross has to be taxed at the rate of Rs. 1-8 so that the price to the importer would come to Rs. 2-10. There is another thing which also has to be taken into consideration and it is this, that the highest class of matches are made of thicker splints and, therefore, a box contains about 70 splints or less. Whereas, in the case of inferior matches, in Japan, young children and old people fill up these boxes and they never go to the trouble of counting these splints and perhaps they might put in a few more splints and the effect will be that the lower class of matches will be paying double the duty at 1-8 and which will be more than 100 per cent. on the original cost. Well, I think, when we come to the consideration of these duties we will have to see what can be done and I will have ample opportunity of carrying the House with me in suggesting some remedy.

Another thing that I was suggesting was that in getting the necessary papers Members should be supplied with more detailed information in future. If the practice in the Bombay

Council is followed, the demand for grants—I mean the extra or new demands that are proposed in the Budget—will be considered by Finance Committee and then those demands could be supplied to Members confidentially a month before, showing the proposed recurring grants and the non-recurring grants and the reasons for the increase. If these things are supplied to the Members earlier, they may have an opportunity of studying the whole thing and come here better prepared.

The Honourable the President: I must draw the attention of the Honourable Member to the fact that his time is exhausted.

Khan Bahadur Sarfaraz Hussain Khan: Sir, I am in full accord with the Honourable the Finance Member when he says that his task in framing the Budget for 1921-22 and in introducing it in the Assembly, the first Assembly of its kind, is by no means an easy one. We, on our part, realise our responsibilities, and our duty to our country and our people. Let me assure him at the same time, that when we have come to co-operate with Government, our co-operation is genuine and whole-hearted. We in no way have any desire or even the remotest idea of embarrassing it. Whatever criticisms we may make will be made with the sole object of minimising the discontent among the masses by the imposition of fresh taxation, and of lightening the burden of the poor, who are very hard up owing to causes over which we all know we have no control. One of the chief causes of discontent among the people is the high prices of the necessaries of life prevailing at the present time. Whatever the causes of the existing state of things may be, the fact remains all the same that the masses are in great distress, and, when the burden of fresh taxation will fall upon them the discontent will increase.

We care not for unpopularity in the country, as the Honourable the Finance Member seemed to think, for, had we cared for it, we should not have come to the Council. We are ready and cheerfully willing to confront our difficulties and do as much as lies in our power to make both ends meet.

The expenditure for the next year is estimated at 129 crores as against a revenue of 110½ crores, leaving a deficit of about 19 crores. How is this large deficit to be made good? By fresh taxation, of course. The operations on the Frontier have led to the expenditure for the current year of from something like 55 to about 70 crores. Though most of my countrymen seem to think that the military expenditure should be curtailed to a great extent, I do not share this view. I am one of those who think that the guarantee for peace lies in preparedness for war. I am not a believer, though many do believe, wholly in soul force in matters worldly. So long as man is what he is at present, it is only brute force that can keep him straight. Even God controls man partly by putting fear into his mind. He has created both heaven and hell—heaven for those who are virtuous and hell for those who are vicious. For these reasons, I am not for curtailing the military expenditure on the operations on the Frontier, specially and chiefly at the present critical juncture, as we must make the men outside India feel, that if they give any trouble, we can make a hell of them.

Sir, I think also, that so long as the normal condition in the country is not restored, so long as the Bolshevik menace is not gone, and so long as the Near East and Central Asia are in a state of ferment, we must be very strong on our Frontier, which is the gateway through which hordes after hordes of the people of Central Asia have descended down upon our country in the past. We cannot have any development of industry or anything else unless we have peace in the country, and, therefore, so long as this state of things exists, I am quite opposed to any reduction in military expenditure. But when I have said this much, in defence of the operation on the Frontier; I must also say, how we are to meet the deficit, not of a few thousands, but of such a large amount as perhaps 18 crores. Let us see how the Honourable the Finance Member has met them. He has done it by proposing fresh taxation. I would not be opposed to the taxation proposed under the special circumstances we are in, if it had only affected the rich, and if only the luxuries of our life had been subjected to taxation. But the proposed taxation has affected the poor millions of the country in respect of the bare necessaries of life.

Now, let us examine the proposals for additional taxation. They are 8 crores from Customs, 5½ crores from Railways, 2¼ crores from increased postal rates and 3¼ crores from income-tax and super-tax.

Sir, the duty on cotton manufacture will no doubt increase the price of cloth. The poor people chiefly have already been hard hit by the existing price of cloth. They have always had this grievance, and if further taxation is put on them, the price of cloth instead of being reduced will be increased, and not only will they be disappointed but will be seriously affected. Then, I come to the increased postal rates, and in this connection, I may draw the attention of the Honourable the Finance Member to raising to half-an-anna the quarter anna post card. Had the post card been used in ordinary cases by the rich and the well-to-do, the case would have been different. But in-as-much as it is in about every case used by the masses to enquire about the health of their families, etc., raising this one pice post card to half-an-anna will be very much felt by these people, and I, therefore, strongly oppose this proposal.

Now, Sir, what I wish to say is—though it may not be the proper time—that the reduction I propose can be easily met by the curtailment of expenditure on the following: (1)

Geological Survey, (2) Botanical Survey, (3) Zoological Survey, (4) Archæology, (5) Aviation and (6) Expenditure on New Delhi. Looking at the demands for grants for 1921-22, I find the amount to be spent on the new Capital at Delhi to be so much as 1 crore, 3 lakhs and 95 thousand. This can very well be reduced, and this can wait because this is nothing but more or less robbing Peter to pay Paul. These are the remarks, Sir, which I wish to make at this stage of the general discussion of the Budget.

Rao Bahadur T. Rangachariar: I propose, Sir, in dealing with the Budget generally, to think aloud. I was glad when the Honourable the Finance Minister, on the 17th February, in reply to Mr. Samarth's Resolution about taking in the counsel of Local Governments as regards military expenditure, told us that our powers under the Act and under the rules, both direct and indirect, were so wide that Mr. Samarth was mistaken in thinking that this Assembly could not control the military expenditure. I felt elated again when on the 1st of March he spoke in the same strain in introducing the Budget. And, therefore, Sir, my appetite was whetted and I went into the big books placed before us with great care in order to see whether I can combine efficiency with economy and apply the scissor to the Budget presented to us. And when I rose from those big volumes, the feeling which came upon me was one of indignation, and one of despair. Now, Sir, what does the Budget tell us? The Budget tells us that our revenue is less than the expenditure by about 19 crores, and that we are going to spend 129 crores next year. And when I looked at the figures, I was reminded of this unfortunate country, where we have got a population called untouchables. They form, I believe, a few millions. But when I looked at the Budget, I find the untouchables here many millions—indeed nearly 1,240 millions are untouchables here out of 1,290 millions. This year, Sir, out of about 129 crores which we are to spend, the votables are 24½ and the non-votables are the rest; and when you come to examine the votables, what are they? Clerks, Registrars, Inspectors, and such like people. The bigger people are untouchable. The Finance Department has been very careful in framing the Budget. They, the untouchables, are printed in italics. 'Do not look at me, do not look at me' is the cry which is found on every page when you turn over it. Now, my Honourable friend who has just spoken felt gratified at the military expenditure, and he said he would be rather glad to support the Government in the military expenditure. Did he examine the last sheet in Part II of the Budget Statement? Did he examine and find that out of about 110 crores of gross revenue, the nett revenue is about 88 or 89 crores of which 62 crores go for military expenditure? Can any country bear this? Is there any country on the face of the earth except India on which such a burden is thrown? And can it be said with credit, as the Honourable the Finance Minister claimed the other day, that he has applied the strict principles of economy in examining the Military Budget? Sir, I am sorry we have not got the power to examine this Budget. But I am grateful to the Honourable Finance Minister and to His Excellency the Governor General for permitting us even to refer to the military budget. I find, Sir, that the maintenance of the army, I mean the maintenance portion that is given under the heading 'Maintenance of the Standing Army' as it is called, in page 9 of the Army Estimates,—the actual maintenance alone costs about 36 crores. Sir, I was curious to find out what it cost in 1913-14, and I find,—I am subject to correction in that matter because the headings have been altered in this Budget so that it is not possible for me to speak with accuracy—when I compare the figures of 1913-14 Budget, and I am promised that the Honourable Sir Godfrey Fell is going to enlighten the Assembly as to the comparative figures as regards the various heads and, therefore, I can wait till I hear him on that point—I find that the maintenance of the Army cost about 12½ crores in 1913-14. Why should it mount up to 36 crores? Surely, prices have not risen to that extent. On the other hand, we are told that the strength of the army has been reduced from the pre-war to the post-war period. I find from page 7 of the Estimates presented to us that really there has been a reduction in the strength of the army, both British and Indian, pre-war and post-war days. A man does not eat nearly four times as much as he did in 1913-14. Prices have not risen four times since 1913-14. On the other hand, Sir, prices have gone down this and the last year, and I am glad to see that they are much better as was told us the other day by Mr. Innes either in this Chamber or the other Chamber, the prices of food-stuffs have gone down, and I do think that a careful scrutiny is needed of the Military Budget. There is one sentence in the Finance Minister's speech which rather sounds very alarming. He has told us that they have last summer come to a conclusion as to what should be the strength of the army after the war. I do not know what it means, or what it refers to. I hope they have not come to any final decision. The matter is far too important to have come to a decision last summer when the new Legislative Assembly was going to come into existence next January. I hope, Sir, the whole matter will be re-examined with the assistance of elected Members, with the assistance of experts, with the assistance of officials. When you remember that a British soldier costs nearly four and a half times what an Indian soldier costs, when you remember that a British officer costs nearly ten or twelve times what an Indian officer costs, I think the matter requires to be very carefully investigated. We have to make out what should be the normal strength of the army. There may be abnormal times, no doubt, now and then, human nature being what it is. But let us aim at fixing the normal strength of the army suited to the revenues of the country, suited to the conditions of the people, and, then, in abnormal times if you come to us for a vote we will gladly give it. We are as anxious as any member who is anxious for the peace of the country should be, that we should be amply protected. But our complaint has been that the human material in this country has not been as largely availed of as it ought to have been. Now that

a policy of trust and co-operation, sincere I believe on both sides, has begun, I hope the time will come when the strength of the Indian Army will be very largely increased and the proportion of the British element will be reduced as far as possible. Now, Sir, I do not want to dilate upon the military expenditure. I have just given a few figures to show that it requires a careful investigation, anxious investigation at the hands of the authorities and of the people.

Let us come to the Civil side, what is called the Civil Services of the country. From 20 crores in 1917-18, that unfortunate day when these new reforms were promulgated, the cost of the Civil Service has risen to nearly 45 crores. Sir, the increase began at the top; the Civil Service clamoured for it, they feared that they were going to be in danger when the new Government came into power. They wanted to secure their position, to secure their pay, their allowances, their pensions. When those at the top gave way to such fears, such desires, it is no wonder that the subordinates rose *en masse*. Department after department came up with petition after petition for increases of pay. The *Karnam* who was happy with eight rupees in his village and with all the emoluments that he got at the hands of the landholders, began to put forward a grievance. I know from my own experience as a landholder that the *Karnam* of my village makes much more than, perhaps, the wealthiest landholder there, his emoluments are so great. But this infection began from the top, and I say it deliberately, that when once that infection begins to spread, you are threatened with strikes of your officials, you are threatened with all sorts of things, and you have not the face to be firm because you have over-fed yourself. That is the real secret of all this bother and trouble with which we are now face to face to-day.

Now, there is no use bemoaning the past. All that feeling of indignation and despair I tried to struggle against. What is to be our attitude towards the future, as men to whom the affairs of the country are entrusted, what is to be our attitude in this matter? I say, if the Government expect us to co-operate with them in this Budget, if they expect us not to non-co-operate on this vital issue, they must give us a solemn promise that they will take up the question of retrenchment in right earnest. I hold no promise sacred which has been made during these 3 or 4 years, let me say that. If you hold us to that promise, I say, we will non-co-operate on the Budget, because, I say, this country cannot afford the over-heavy top administration which it has been cursed with. I say, there need not be a deficit, but how are you going to meet the deficit unless you are going to increase the taxation? Are we going to lend a helping hand in imposing fresh taxation on the country? Sir, we will do it on one condition and one condition only, and that is the promise to examine with our help, not merely in your own chambers, the question whether the rules relating to pay, pension and leave allowances are adequate or not adequate. Compare them with those of other countries. Let us, by all means, give them extra allowances and all that, but it seems to me that we have been over-burdened with these things. From 20 crores to 45 crores in four years! What can be the explanation for such a state of things? Surely, prices have not risen, passages have not risen to that extent.

Some Honourable Members: Oh! they have.

Rao Bahadur T. Rangachariar: But surely, our income has not risen in that way. The country's income has not doubled and quadrupled as the income of the officials, and I do not know if the income of us who, belong to the profession, belong to commerce and trade, has quadrupled at that rate. Therefore, I strongly say, and I say it, I know, with the approval of many a Member of this Assembly, that some serious step ought to be taken to reduce the cost of this costly administration.

Sir, there is one more point which I wish to bring to the attention of the Assembly and it is this. Notwithstanding the financial stringency, notwithstanding the currency troubles, notwithstanding the exchange follies, what do we find? In answer to a question the other day in the Council of State and again in this Assembly, it was stated that about 50 new officers have been created under the India Government alone, each carrying a salary of Rs. 1,000 and upwards. Was that the time for creating new offices and to throw the additional burden upon the country? Was that the way in which you expect us to come here and give our support to this Budget? Are we to be asked to be a party to these things, in the determination of which we had no voice whatever and then for you to say 'Very well, you must increase the taxation'. Well, Sir, the world is watching and I am anxious, Sir, to know how the Indian world is watching us. I know, Sir, what the real condition of my people is. If I am a party to this Finance Bill, it will be merely because I do not want to embarrass the Government in the present situation. I am quite willing to have a Finance Bill, which will operate for one year and during that time let us put our house in order and when the year is over, when we have examined carefully what our position is, when we have examined what our resources are, and what our necessary expenditure is, then, Sir, we will have a Finance Bill at the end of next year. Therefore any Finance Bill which is brought up should have duration only for one year. Again, there is one other matter of vital importance which also unfortunately concerns the Army. As I have already pointed out, the army is the consumer of our revenues and the proposals of the Esher Committee, as has been pointed out to-day in a foot-note to the Army Estimates, will aggregate a sum of nearly 73 lakhs of recurring expenditure. There is one other thing, Sir, and that is, I am reminded, that it may go to over 100 lakhs and that provision is made for 129 lakhs if the recommendations of the Esher

Committee are to be carried into effect. Sir, our condition in 1918 (I will only read from the official publication), our financial position, was this:

'The general financial position of India is extremely strong. At the end of November 1919, the national debt amounted to about £378 millions or about £1-11*s.* per head of population, as compared with a total public revenue of £123 millions. This favourable position is largely due to the care with which, in pre-war years, outlay was restricted to available means. When the war began almost the whole of India's debt represented productive outlay on railways and irrigation, normally yielding a return which exceeded considerably not only interest on the amount borrowed, but also interest on the small debt classified as unproductive. In March 1919, despite India's war contribution of £100 millions, the amount of the ordinary debt outstanding was actually £13 millions less than the contribution itself.'

Therefore, we were taking pride on our financial position in March 1919. But, Sir, what is the tale told to the country during the last two years—a tale of deficits, whereas it has been one uniform tale of surplus year after year till then. Why was that? It is due to muddle, political muddle, exchange muddle and all these troubles have therefore come upon us. Unless, therefore, we change our methods and subject the whole question to very close scrutiny, we will be again asked at the end of the next year to give our sanction to fresh taxation which may perhaps take a different turn. Therefore, it is the duty of this Assembly to give its voice unhesitatingly that if it gives its vote to the Budget, it does so on this condition which I have already mentioned. I have already taken too much time and I will therefore resume my seat.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty Minutes to Three of the Clock. The Honourable the President in the Chair.

Chaudhuri Shahab-ud-Din: Sir, whatever praises we might lavish on the soundness of the Financial Budget, whatever compliments we might bestow upon the Honourable the Finance Member, the fact remains that this year's Budget has been described unanimously by the entire Press, both English and Vernacular, as dark, gloomy and disappointing. This being the first year of this august Assembly, the Budget has indeed placed us in a most awkward and critical predicament. On the one side, being co-operationists, we wish to help the Government and co-operate with them. On the other hand, we clearly see that the non-co-operationist outside this Assembly, if we were to support the Budget as it stands in its entirety, will not only get another excuse and incentive to excite the masses but will also, I think, get a greater justification to denounce us as not being the real representatives of India. This is my fear. It is a notorious fact that India is poor; she is poorer than she was some years ago. Though some money was made by her during the war when she supplied her raw materials to the Allies in their time of need, yet, it cannot be denied or controverted that India is poor, she is perhaps the poorest country in the world. Famine has now become a normal condition with us; all Indians realise and feel this. The causes of our poverty are very many, the causes of unrest and dissatisfaction are numerous, but the most immediate cause of our financial unrest and financial disappointment is the fall of exchange. I do not want to blame the Indian Government for the present condition, but the Indian Government, it must be frankly admitted, are to a very great extent responsible for the present situation. If they are not really responsible for creating the situation, no one will deny that they are responsible for accelerating and bringing it to its present pitch. Had they not sold Reverse Councils last year to maintain the exchange at a certain pitch, it is possible, though I do not say probable, that the present crisis may have been averted for some time, if not for ever. By making an effort to maintain the exchange at 2 shillings sterling, they gave a great impetus to import trade. Orders were placed by Indian traders with manufacturers abroad on the understanding—at least they could not foresee or think otherwise—that the exchange would not go down to 1*s.* 3*d.*, as is the case to-day.

No body could anticipate this. When the exchange was high, the manufacturers in England raised the prices of their manufactures in some cases by 500 per cent. and in some cases even more; but, now that the exchange has fallen, those prices have automatically increased still further. Thus the low exchange has rendered it impossible for any Indian to honour the drafts which are being drawn against him. Trade in India is in a state of utter ruin. It is impossible for any trader to pay 500 per cent. above what he anticipated having to pay when he placed the order. Had an Act not been passed in India fixing for certain limited purposes the value of the rupee at 2 shillings, had the Government not then issued a notice that all persons who had sovereigns in their possession should return them, cash them and convert them into silver and get Rs. 15 for each sovereign, had Government not done this and collected all sovereigns in India, I think, they would not have been to blame so much as they are to-day. But the Government having passed an Act, and having collected sovereigns from even out-of-the-way corners and places in India, they cannot escape the responsibility. It is theirs, let them deny it fairly if they can. Now, India's credit, India's contractual morality, is being attacked by the manufacturer abroad. He may be right from his point of view, but I wish he could see and judge Indians from their own standpoint. They wish most honestly and sincerely to do all they can to meet demands made upon them and to maintain that friendly connection which they have always maintained with the importer and exporter abroad, but that is physically impossible for them; they cannot help it. The Honourable the Finance Member has made some admissions and to a certain extent I think

he is guilty of culpable frankness. On page 77 of his speech introducing the Budget the following sentences occur:

'We have frequently been asked to explain how far the persistence in the selling of Reverse Councils on the system first adopted was due to our deliberate choice or how far the responsibility lay with the Home authorities. Particular emphasis has been laid on the failure to adopt the system of sale by competitive tender. I regret that it is not within the power of Government to answer these inquiries. It is sufficient to say that the situation itself compelled a change of system at the end of June, when it was decided to sell at a rate based, not on 2 shillings gold, but on 2 shillings sterlings.'

On the same page again, towards the bottom, there is the very frank admission:

'I desire to say quite frankly to the House that in our opinion there is no practical step which Government can take at present which would put an end to the trade depression and to the general feeling of uncertainty now existing.'

I dare say he is perfectly right in making that admission. Now, it is not in the power of the Government to alter the condition of exchange. It is a matter which depends entirely upon the vicissitudes of trade. He told us the other day, and rightly, that if the monsoon is favourable next year and the balance of trade in favour of India, things might change; otherwise there is every fear that they might become worse. These are a few general remarks on the Budget. I now proceed to make a few observations on the military expenditure and the proposed new taxation.

There is a sentence in the Esher Committee's Report which I will read to the House. It is a very short one. The Commissioners say: 'We are aware that the present cost of the Army in India (that is in the year 1920-21) is already double of the pre-war cost'—that is to say, in the year 1920-21 the cost of the Military Department was double what it was before the war, and we are told to-day that it is 15¼ crores more than it was last year. Thus by a rough mathematical calculation it comes to this, that it is about three times what it was before the war. Yet we were told the other day that the strength of the Army in India has been much reduced from what it was before the war. To-day we have only 102 Indian and 53 English Battalions. May we take it then that as we go on decreasing the strength of the Army in India, its cost goes on increasing? To my mind this is absurd. Layman, as I am, I cannot possibly assign any reason why, while the strength of our Army is decreasing, its cost is increasing. I do make every allowance for higher pay and increased allowances, but yet I fail to see why the cost of the military in India has gone up so enormously.

Sir, we are asked, that as there is a deficit of about 19 crores, we should vote for fresh taxation. I consider it indeed a great privilege if my vote could bring some money to the Government treasury; but I feel that my vote is needed only for imposing taxation for bringing in money. It is not needed for spending that money, which the Government want to spend themselves. The position is, that we cannot discuss the military budget item by item, we cannot even vote for the appropriation of moneys. All we can do is to offer some general observations, or, so to say, hold a general discussion.

As regards the proposed taxation, Sir, I proceed to say at once that if the customs duty is to be increased above 7½ per cent., it should be increased not to 11 but to 12½ per cent.—with only this reservation, that we should not tax umbrellas, or should tax only silk umbrellas. An umbrella is a necessity, whereas a silk umbrella is a luxury, and it is luxuries which should be taxed and not necessities.

Only one word more and that is about the railway taxation. I would say, 'For goodness' sake exclude firewood and fodder.' Firewood is a necessity for the poor, and the Finance Member, if he does not know it already, should know now that firewood has become so scarce and so dear that poor people cannot afford to purchase it. As regards fodder, Sir, let me enlighten this House, let me inform it, that we in the Punjab are feeding our bullocks and other animals on twigs and branches of trees; there is absolutely no fodder to be had. Under these circumstances, to impose a terminal tax upon fodder is, to my mind, preposterous and not right.

Sir P. S. Sivaswamy Aiyer: Sir, it is very unfortunate that the first Budget of the Reform era should be what may be called an adversity Budget. The two most conspicuous features of the Budget which has been introduced by the Finance Minister are the amazing growth of military expenditure and the serious results of our exchange troubles; and the Budget is a record of the struggle which the Finance Minister has apparently made to withstand the demands for expenditure. I am quite sure that he has put up a very brave fight against the demands made by the Military Member and by his other colleagues. It is evident from the language of his speech, and also from the fact that he leaves it to His Excellency the Commander-in-Chief to justify to the House the necessity for this increase in military expenditure. I read between the lines and I feel that the Honourable the Finance Minister himself is not altogether convinced of the propriety of this huge demand for military expenditure.

The rate at which military expenditure has been growing in India really takes one's breath away. We have been told that the post-war strength of the army has been fixed at a level a little below that of its pre-war strength. As a matter of fact, while there is a reduction in the fighting units generally, there is an increase of something like 700 British officers in the Army; there is also a large increase in the number of the reserve forces. Now, let us take it

that the post-war strength is below the level of the pre-war strength. One would expect that the expenditure which has to be incurred hereafter would bear some reasonable relation to the pre-war expenditure, or would fall below the level of expenditure which was maintained during the war. But what are the facts? I find that in the year 1913-14 the total military expenditure was £18 millions odd (I may leave out the 'odds' where it is a question of millions); in 1914-15 the expenditure was 21 millions odd; in 1915-16 it was 23½ millions; in 1916-17 it was 26½ millions; in 1917-18 it was 30 and odd millions and in 1918-19, deducting the contribution on account of the war to England, it came to 32 millions; in 1919-20 the normal expenditure was estimated at 41½ millions, and in 1920-21 it was estimated at 40 millions. Now, it was during the years 1917-18 and 1918-19 that the expenditure was at its highest; but we find that the expenditure which is put down for the next year is higher than the expenditure which was incurred during the period of the fiercest struggle in the history of the war. Surely that is a state of things which calls for some explanation. We are told that the cost of living has risen, that prices have risen and that the cost of accoutrements and munitions and everything has risen; but I do not know that they have risen something like 300 per cent. or over. While the total expenditure in 1913-14 was 18 millions odd, the expenditure to be incurred hereafter is put down at 58 millions! That means more than 300 per cent. of the pre-war expenditure. Let us again compare our expenditure on the military services, either with our total expenditure or with the ratio of the military expenditure to the total expenditure in the United Kingdom. Compared with our total expenditure, our military expenditure comes to more than half. Let us take the figures of the United Kingdom. I find that for the year 1920-21 the total expenditure for the whole of the United Kingdom according to the Budget was 1,184 millions, while the expenditure on the Army, Air Force and Navy, all put together, was estimated only at 230 millions odd, which comes to about a fifth of the total expenditure. England can well afford to bear such a large amount as 230 millions; and even if it were more than one-fifth of her total expenditure England can well afford to bear it. But even there we have heard complaints of the heaviness of the military expenditure, and promises have been made by ministers to follow a policy of severe retrenchment. Now, let us take the figures of some of the colonies. As a matter of fact the colonies do not generally maintain a large standing Army; and I am well aware that the conditions of the colonies and the conditions of India are not similar, and it would not be fair to institute a comparison between the needs and requirements of India and the needs and requirements of the colonies. Still it is not without interest to know how much the self-governing dominions spend upon their military services. I find that in Canada while the total budget estimate for 1919-20 was 72 million dollars, the expenditure on the militia and defence was only 4 millions and odd; similarly in the case of South Africa while the budget estimate of the total expenditure for 1919-20 was 23 millions odd, the budget estimate for defence was £1,575,000. However, I shall not pursue this comparison with other countries, because I am well aware that the conditions are not similar. It is, however, clear that our expenditure has been really growing by leaps and bounds, and I am not at all sure that the 58 millions referred to by the Honourable Mr. Hailey is the last word upon the subject of the demands of the military department. Provision has been made in the present budget for a sum of 129 lakhs to carry out a part of the Esher Committee's recommendations. What the total cost of carrying out these recommendations will come to we do not know; nor has the Esher Committee enlightened the public on this subject. They think evidently it is not a matter of serious concern, especially when Imperial interests are at stake. They say it is impossible to frame even an approximate estimate of the cost of carrying out all their recommendations. The military expenditure, therefore, in the years to come will grow probably at even a more rapid pace than it has hitherto grown. Now, what are the remedies to be applied, and what is the position we are to take up to-day?

It is of course obvious that we cannot possibly apply the shears in the current year. I think it would be taking too great a responsibility upon ourselves to think of applying the shears all at once, without sufficient investigation of this subject. But one thing at any rate we are entitled to insist upon, namely, that the whole question of military expenditure should be examined carefully by a properly constituted committee composed of representatives of all interests, of officials and non-officials. One of the resolutions of which I gave notice in connection with this Esher Committee's report was for the appointment of a committee to inquire into the position and strength of the Army and its methods of recruitment. Unfortunately, it has not been possible to bring on that proposition, but I hope it will be possible to bring it within the cognisance of the Committee which was appointed this morning. Now, there are only two or three ways in which you can escape this crushing military burden. One is by taking steps to gradually replace that section of the army which is retained for internal security by the territorial forces. There are three sections of the army, we have been told, one the army which is posted on the frontier, another which is meant to go to the front in case of necessity for purposes of repelling an invasion, and the third the army which is intended to maintain the internal security. This last army consists of about 100 thousand troops. If we could bring into existence a properly organized and efficient body of Territorials, this army could be completely replaced with, I hope, very considerable advantage to the tax-payer. Of course, there is one consideration to be borne in mind here, namely, that if the army which is to replace is to consist of the auxiliary force only, and if the auxiliary forces are all modelled on the same lines as the British Army, it will effect hardly any lightening of the burden; but if there is any increase in the Territorial

army which is modelled on the lines of the Indian army, it is very likely that there will be a saving of expenditure. Another remedy which will appeal to most of my countrymen here is to gradually Indianize the army. I am not advocating the sudden application of any such process, but it is a process which will inevitably be hastened by the military department's insistent demands for expenditure. We have been pressing for the Indianization of the army on the ground of satisfaction of our national aspirations and on the ground of fitting us for self-defence, but here we have a far more powerful inducement to Indianize the army, in the pressure of economic considerations.

A third way of lightening our burdens, is to appeal to the Imperial Government for a contribution to our military charges. Now, it may be said, that if we are partners in the Empire we ought to bear our share of the burdens. Of course, we are quite willing to do that, but it is well known (and I need not go further than quote the Esher Committee themselves), that the Army in India is maintained not merely for purposes of India but for other purposes as well. If you turn to page 32 of the Esher Committee's Report, the members of the Committee say that they do not care to fix the specific purposes for which the army in India may be used in view of the greater responsibilities assumed by the British Empire in consequence of the treaties of peace recently concluded, and on page 17 they say :

'The centre of gravity of probable military operations has shifted from West to East. In the future we must contemplate the possibility of our armies operating in the Middle East based partially on India and partially on home.'

Under those circumstances it would not, I think, strike the Members of the House as an altogether unreasonable proposition to ask that the Imperial Government should bear a share of our military expenses. Now I pass on . . . .

(At this stage the Honourable the President got up and the Honourable Member resumed his seat.)

Mr. S. P. O'Donnell: Sir, some remarks were made by Mr. Rangachariar this morning, which I cannot allow to pass unchallenged. According to the Honourable Member, if I understood him aright, it has been due to the attitude taken up by the higher branches of the Civil Service, it has been due to their clamorous demands on their own behalf, their needless distrust and suspicion and their anxiety to safeguard their own interests, that it has been necessary to spend such immense sums of money on the revision of the pay of the subordinate establishments. We are asked to believe that if it were not for the attitude taken up by the higher branches of the Civil Services, it would not have been necessary to add to the remuneration of the bloated *Karnams* of Madras, and I suppose the same argument applies to *patwaris* and clerks in district offices, police constables and others. We are asked to believe that all these minor officials and employees faced with an increase in prices of the extent of which we have all had experience, would have been content to draw the same or approximately the same remuneration as they did before the war if only the Civil Service had remained silent. Well, Sir, there are in this Assembly, I believe, many Honourable Members who are employers of labour. I should like to know what their opinion is on that contention. I should like to know whether they believe, that if only the services had not been granted an increase of pay, it would have been possible for them to keep their wages bill down to anything like the level of 1913, or that all the strikes for increases of pay might have been avoided if only the higher branches of the Civil Service had not been granted an enhancement of pay.

But, Sir, in addition, the Honourable Member is quite mistaken in supposing that the revision of the pay of the Imperial services has been based on the demands of the services. It has been based on the recommendations of the Royal Commission of the Public Services which made its Report in 1913. It is quite true that in some cases, not in all cases, but in some cases the enhancements granted were greater than those recommended by the Royal Commission, but that has been due to the enormous increase in prices since the date of the Report of the Commission, and, I believe, I am correct in saying that in no case has the increase been at all proportionate to the rise in prices.

And now, Sir, let us put this proposition to the test of figures. I have the main figures here, and what are they ? The cost of the enhancement of the salaries of the Imperial Services was 110 lakhs. The cost of the revision of the Provincial services was 56 lakhs. The cost of the revision of the subordinate services has been 10½ crores, 4½ crores of that total was on the staff employed under the Central Government, namely, 1½ crores on post and telegraph, and, in passing, I may mention, that the late Legislative Council pressed strongly for an increase of the pay of the employees of the Post and Telegraphs Department, 2½ lakhs on State Railways, half a crore for other services under the Central Government and 6 crores in the provinces.

Mr. Naraindas Girdhardas: Sir, I fully share the regret with the Honourable the Finance Member that at the very outset of our career we should be faced with a gloomy budget, with an unprecedented deficit and proposals of heavy taxation which is, on the whole, received by the country not without a feeling of disappointment or dismay, however much the people were prepared for, or expected such a budget. The time allotted to each Member for general discussion over the budget is so small, that I dare say, no Member will find it possible to cover the whole field, doing justice to every item which calls for remark or criticism.

One cannot help noticing, even in passing, the enormous sum of 62½ crores put down for military expenditure for next year, a figure that amounts to a lion's share of about fifty per cent. of our revenue. I feel I am treading a rather forbidden path when I touch on this topic, because I know this House has little effective voice, much less control, over that item. Sir, I shall leave it to the more experienced in this Assembly to dwell at greater length on this subject of military expenditure ever-growing, unconscionable and out of all proportion to the bare requirements of the defence of India. But I feel that the Government should adopt a policy of still greater trust than they have shown hitherto and not only keep down the military expenditure just at the point indispensable for the national safety of India but do all in their power to increase the Indian element in the army to a very much larger extent. Both sentimental and financial considerations demand the adoption of such a policy.

The second remark that I wish to make on the budget is on the vast additions to expenditure in almost all the departments for increasing the salary and allowances of all officers, high and low. I concede, Sir, that the abnormal rise in prices did necessitate the increase of salary of the low grade officers and menial staff of the Government services. Let me not be misunderstood when I say that the grant of such an increase to the officers of higher grade was both unwarranted and unnecessary under the strained conditions of the coffers of the State. The fact that prices are now going down is also another factor to be taken into consideration. Further, the creation of new departments and increase of staff all round, which, I admit, are necessary as the country advances and becomes more prosperous, are, at any rate, a bad policy and an extra drain, at this inopportune moment of our country's finances. The feeling is very strong in the country that rigid economy should be practised and I would suggest that a Committee of this House should be appointed forthwith to go into the question of retrenchment all round and reduction of staff to the bare extent compatible with the efficient working of the administration.

In his budget speech, the Honourable the Finance Member has dwelt, fortunately, on the most serious problem of the day, the exchange muddle. He has defended the policy of the Government as regards the exchange question and given the sullen and gloomy decision that 'there is no practical step which Government can take at present which would put an end to the trade depression and to the general feeling of uncertainty now existing.' He has further declared that 'the factors which are responsible for the present position are such that no Government, whatever its resources, could possibly control, and that the problems which they present are of the kind for which no committee, however expert, could be likely to propound an immediate or radical solution.' There is no denying the fact, that the depressed condition of the trade of India has been brought about partly by external forces re-acting throughout the world. But I ask, Sir, if the Government had absolutely no hand in at least aggravating the situation? I wish to be pardoned if I use pretty strong language, because the mercantile community, a section of which I have the privilege to represent in this House, is strongly of opinion that the policy of the Government did have at least a partial effect in putting us in the 'trough of depression,' to quote Mr. Hailey's own words. It is quite unnecessary for me to recapitulate the circumstances under which the sale of Councils last year was persisted in. The Indian opinion, as a whole, thinks it was unwise on the part of the Government to have persisted in carrying on the sale of these Councils. Sir, in one paragraph, Mr. Hailey mentions that 'to attribute the present trade conditions in India to a policy which was enunciated twelve months ago and has obviously not yet been made effective in practice, is a curious inversion of facts.' I shall merely content myself with remarking that the enunciation of this policy it was, that induced the merchants of this country to give large indents for foreign goods on the assurance that the Government would try to maintain the exchange on a 2 shilling basis. What is the result? The exchange has gone now so low, that the importers find themselves quite unable to take delivery of the goods and most of them have met with very severe losses. We are equally desirous with the Government of India that the international credit of India should be maintained unimpaired both in the interests of the country as well as of the traders. We are confronted with a situation which must be solved somehow. The Government must be in possession of the opinions expressed by the several Chambers of Commerce and Trade Associations on this vexed question. Time hardly permits me to read them out here, but I cannot help reading out one or two of them. The Madras Piece-goods Merchants Association passed the following Resolution on the 31st December last:

> 'Considering the enormous losses the importing merchants are put to, consequent upon the low rate of exchange and in view of the assurances given by the Government as to the rates of exchange, and the passing of the law in the Supreme Legislative Council fixing the rate at 2 shillings per rupee, it is resolved that the firms and banks in Madras be requested to extend the time for the payment of or for the fixing of rates of all drafts for Piece-goods imported either direct or through firms to such date as the exchange rate reaches 2 shillings per rupee!'

Sometime, about the second week of December last, the Southern India Chamber of Commerce, Madras, in the course of their communication to the Government of India exhorted the latter not to throw up their hands in despair, but to stand by the consequences of their own acts and assurances. The Government have all along been the self-appointed guardians of our exchange and currency. Surely, if they do not mean to renounce their guardianship, it is for them with the help of their expert advisers to find out how best they can meet the grave situation. A telegram which I received only the other day from the Piece-goods Association will

show the intensity of the feeling and the extent to which they want the Government to go in saving the situation:

'Having regard to the recent financial crisis and in the interests of future foreign trade in India, the members of this Association resolve that all further imports should be stopped for a period of twelve months and urges importers of foreign goods in other parts of India to support them, requests Government to pass a measure temporarily discouraging all imports except foodstuffs, drugs, machinery and books by imposing for a period of twelve months an extra customs being fully equivalent to the depreciation of the Rupee below par.—*Rao Bahadur Payin Chetty, President of the Madras Piece-goods Association, Madras.*'

Sir, things having come to such a pass, I would submit the suggestion that an informal conference of Indian merchants, the English shippers or dealers and the Government of India should immediately be arranged by which the contractual parties concerned would come to an amicable understanding and would out of mutual goodwill and tolerance adopt a policy of give and take and thus save those unfortunate traders from the downfall menacing them and also the international credit of India. Where there is a will, there is a way. This is a matter in which the Government of India ought urgently to intervene and help. This arrangement will, I hope, go a long way in relieving the situation to a certain extent.

Coming now to the proposals for additional taxation, it is no justification for the imposition of taxes to say that the poor are little touched by it. Even the levy on the richer classes is bound and sure to affect the poorer and middle ones. The burden must fall equally on all. Under the scheme of proposed taxation, the taxation on articles of luxury, and increase of postal rates fall directly on the rich, and to add to the heavy load that is already put on them by increasing the income-tax and the super-tax, is, to say the least, to make them sink and groan under the unbearable weight. Add to this the present depressed and critical condition of trade, it becomes all the more undesirable that they should be burdened any further. Any further taxation on them would augment their already heavy liabilities.

As for the increase in customs tariff, I believe the country welcomes this step, though it was come to, as the Finance Member puts it, 'with the sole object of producing additional revenue and with no ulterior motive of a protective or any kind'. Sir, while on this subject, it will not be out of place if I give expression to my opinion on the announcement made by Mr. Montagu, in the House of Commons, 3 or 4 days back, in reply to Sir John Randles that a commission would be appointed to examine, with reference to all the interests concerned, the future fiscal policy of the Government of India, including the desirability of adopting the principle of Imperial Preference. It is a long-cherished dream of India that she should be given complete freedom to determine her own fiscal policy. While welcoming this announcement, I would like to point out that it would be an egregious blunder if the Secretary of State proposes to tie down the hands of the committee to devise ways and means of adopting a policy of Imperial Preference. Not that I, for a moment, forget the claims of the Senior Partner of the Empire, but the fact should be borne in mind that India is merely a producing and industrially an undeveloped country. The volume of educated Indian commercial opinion which has been ignored all along is that her industrial advancement should be fostered by a judicious system of protection. I say that any step that we take must primarily view the question from the Indian standpoint and *such* a policy should be adopted as would suit the special circumstances and needs of India. In my opinion, it is essential that in the commission to be constituted, the Indian element should predominate especially Indian industrial and mercantile interests.

The substantial increase in the surcharge on goods traffic would have the effect of curtailing the internal trade of the country and I strongly protest on the inclusion of firewood, food-grains and fodder among the articles subject to the surcharge.

The last item that I wish to touch upon is the regrettable disappearance of the half-anna postage, the popular quarter-anna card and the increase of rates for registered newspapers. I fully agree with the view expressed by one of the Indian papers that 'it is a tax on knowledge'. 'The enhanced postal rate is a measure, vexatious and irritating to the middle classes, a check on the diffusion of knowledge and an insidious, if unconscious, blow struck at the public press.' Besides affecting the poor man most, it affects equally the mercantile classes who have, of necessity, to use a large number of cards and stamps both for business as well as advertisement. We must see our way to abandon the proposal for increasing the value of the post card, half-anna postage and rate for newspapers.

I have done. I urge this House to apply its shears rather mercilessly, I should say, to every item of expenditure and bring down the fresh taxation to as low a level as possible. The enhancement of taxes cannot but add to the already depressed condition of the people but might even drive some to worse ends which I need not record here.

Dr. H. S. Gour: Mr. President, the Members of this House, much though we disagree as to the merits or demerits of the Budget, have all, and rightly, congratulated the Honourable the Finance Member for the lucidity of his statement. Some of the Honourable Members have even conferred upon him a new and more exalted designation—the Finance Minister. I hope, Sir, it is an augury of coming events and in the near future that we shall be in a position to welcome such statements from a responsible Minister of this House, which will enable us to examine and control not only a few scattered items in the Budget but all the items which constitute the financial annual statement. You must have noticed, Sir, that

while the Honourable the Finance Member was speaking on the subject of military expenditure and the figures 62 crores and 20 lakhs were announced, the whole House went into a tremor, and we find a statement made by the Honourable the Finance Member which I shall read because I am anxious to give to this House his *ipsissima verba:* 'The figures for military expenditure will I hope be justified to this House by His Excellency the Army Member.' After the speeches that have been delivered in this House this morning, I should have expected His Excellency the Commander-in-Chief to explain to the Honourable Members present here the necessity for this appalling sum of military expenditure. I have no doubt that he is collecting facts and figures and he will enlighten the House in due course of time with the necessity of keeping up this expenditure. Now, Sir, I am not a military expert, nor am I likely to develop into one. The one thing I feel and feel strongly about—call me a layman or a man in the street—is this: I wish to know how, if the military expenditure in pre-war days was in the neighbourhood of 10 to 15 million pounds or say, 20 crores of rupees, how is it that all of a sudden this figure has bounced up into the staggering figure of 62 crores? I think, Sir, that the demand of the military is unprecedented. Leaving out the four years of the war which do not count, for they do not represent the normal conditions in this country, I submit that in this figure, 62¼ crores - to be more precise 62 and ⅕ crores which the Military Department have budgeted for and presented to this House, this House will gasp for breath and demand—is it a clerical mistake for something like 16 or let us even hope 26?—but 62 crores and 20 lakhs of rupees?—never! Well, Sir, the Honourable Members represented to you the facts and figures gleaned from the blue books of other countries. They have shown you, that so far as the ratio of military expenditure to the general income of other countries is concerned, it appears to be a ratio of ¼th, or ⅕th, $\frac{1}{10}$th and, even in certain cases, $\frac{1}{20}$th.

Now, India, the poorest country in the world,—and we have often been reminded of it—with a gross income budgeted for, of about 129 crores, is to pay a military bill of about 50 per cent. Now, Sir, in my youthful days, I was a student of history, and I committed to memory such a thing as Russophobia. We had been told by the Military Department that the Russians were at our gates; they had taken possession of Herat, they were in the purlieus of Kandahar, and that they were marching on India. And in those days, when Lord Roberts, I think, reigned supreme over the Military Department of this country, an expenditure of 10 crores was regarded as sufficient to keep the Russians out of this country. Now, after the League of Nations which has brought us within measurable distance of that millennium of universal peace, and with the Anglo-Japanese alliance, I fail to understand what dire necessity there is for this yearly swelling of military expenditure. Somebody may exclaim—Bolshevism. I do submit, Sir, that if Bolshevism ever threatened the gates of India, I am perfectly certain that His Excellency the Commander-in-Chief would convene a special meeting of this Assembly and tell you that this small military expenditure intended for the upkeep of a small army for peaceful and normal times is wholly inadequate to meet the threatened danger, and I have not the slightest doubt that in the case of such aggressiveness on the part of those people this Assembly will sell the coats from off their backs to keep out the Bolsheviks from this country. I, therefore, submit that, so far as the defensive forces intended for the purpose of keeping the threatened Bolsheviks out of this country are concerned, it certainly has not entered into the calculations of the Military Department. What then, I ask, is the immediate necessity for this large military bill? I hope, and I am only repeating what the Honourable the Finance Member—may I also commit the mistake of calling him the Honourable the Finance Minister—has said, His Excellency the Commander-in-Chief will explain to this House in detail the facts and figures which have justified the expenditure of this large sum of 62½ crores, and when he does so, what the House will be anxious to know is this. How does he justify the very large ratio of expenditure in this country when the expenditure in other countries similarly constituted is in very small proportion to the gross general revenue? I have already said that to merely say to this House that we have to defend our frontiers and, therefore, that justifies the expenditure could hardly be an answer. Because, as I have pointed out to this Honourable House, if the frontiers have to be defended, those defences would constitute an extra charge upon the revenue of this country. It is, as I understand it, for post-war and peaceful defence of this country and for warding off normal aggression from outside, some of these frontier raids and the like, that this small army of this country is being kept and maintained. Another fact, Sir, which I am curious to learn from His Excellency the Commander-in-Chief is this. Why not Indianise the Indian Army? We know as a matter of fact that a European officer in this country costs from 12 to 14 times an Indian officer, and as regards the English soldier, his cost is about 4½ times to 5 times the cost of an Indian soldier.

May I appeal to His Excellency the Commander-in-Chief to remember the gallantry of the Indian forces in Flanders, and may I ask him to remember these forces and replace the English soldiers by the soldiers of the land? May I also point out, Sir, that they are also efficient forces for the defence of the country, and if it is necessary that those forces should be supplemented by an auxiliary force, he will be pleased to harness to the services of the State the innumerable young men in this country by enlisting them in the Territorial or Voluntary Forces? I submit, Sir, these are the people who are likely to be requisitioned and will be requisitioned if the gates of this country are threatened by foreign aggression, and I, therefore, submit that you cannot count without the manhood of this country. I fancy to myself a faint voice rising within His Excellency's mind, 'If I was to give you a territorial force composed of the people of this land, if I was to give you an army well equipped, drilled and disciplined,

composed of the soldiers of these people, where do we come in?' Now, Sir, I submit that I am one of those who have prized the English connection with this country, and I should be the last person to see that the English people who have done so much for the civilisation and culture of this land, should cease to have anything to do within the administration of this country. But I feel, and feel strongly, as most of my fellow-countrymen, that the trust which has been begotten on the battlefields of Europe should continue and the English people in this country must feel, and feel strongly, that the defences of this country must be entirely entrusted to the people of this land. We were told by the Honourable Sir William Vincent in connection with a Resolution moved by a Honourable Member of this House, some two or three days back, 'What will become to you, people, if the British went out of this country? There will be internal and internecine wars and you will be subject to foreign aggression.' It is true, it is too true, and I invite the attention of His Excellency the Commander-in-Chief to this great defect in the building up of the Indian people. May I trust to him, to this Department to see that this blot on the English administration of this country is removed in the near future, and that the defences of this country are strengthened and re-inforced by enlisting the manhood of this country and by replacing the English soldiers by the soldiers of this land.

Now, Sir, after that is said and done, I am perfectly certain that His Excellency the Commander-in-Chief will find that the Military Budget requires, and is capable of, a great deal of revision, because the cost of foreign services in this country is out of all proportion to the needs and necessities of this country. It is, no doubt, an axiom with some people that a certain ratio or proportion should be maintained between the white and brown soldiers. But I beg to submit that the time when these military principles were enunciated is long past. We, the people of this country, attached and devoted to the British rule, are anxious that we should be, at any rate, given a certain degree of autonomy and training in the defences of our own country, and from the response which the boy scout movement has received from the youths of this country, His Excellency the Commander-in-Chief will gather how strongly the young men of India feel that their services should be harnessed for the service of their motherland. I submit, Sir, that the Military Budget should not daunt us, should not frighten us if His Excellency the Commander-in-Chief will revise and reform the Military services in the light of these remarks.

Now, Sir, I pass on to a question which concerns the general Budget. As many Honourable Members have pointed out . . . .

The Honourable the President: As the Honourable Member is going to a new subject, I shall not be able to allow him to continue. For the information of the Members I may say that I have allowed the Honourable Member considerable latitude in discussing the relation of military policy to the Budget on the ground that 'any question of principle involved' in the Budget is a legitimate subject for discussion, but he strayed rather beyond the bounds of order. I say this for the information of Members who may follow him.

(At this stage the Deputy President, Mr. S. Sinha, took the Chair.)

Sir Frank Carter: It is a matter of very great regret that we have to begin our new era of reforms with such a large deficit. I must, however, congratulate the Honourable the Finance Member on the manner in which he has handled it. It has not been a pleasant task for him. It is unfortunate too that the first budget presented to this House should relate to a period of depression involving such large increases in taxation. But India cannot expect to escape the economic dislocation in which the whole world is involved and which in her case has been increased by the comparative failure of the monsoon of last year. The Honourable the Finance Member is optimistic as to the future. He is laying considerable amount of money on the monsoon of the coming year and I only hope that his optimistic expectations will be realised. It is no doubt essentially a rich man's budget.

The only way in which the poor man is affected is in the question of postal rates, and I hope that some means may be found to preserve the 3 pies postal card. If that can be done, then the loss of the half-anna postage will not be felt to the same extent by the poor. The press generally throughout India, from what I have seen, do not appear to be particularly enamoured of the budget. With so large a deficit as 19 crores to meet in the coming year, extra taxation was of course inevitable. Altogether the budget seems to have been favourably received by those who will have to pay and surely that is what really matters. I trust the Honourable the Finance Member will not find that the drastic nature of these increases in the general import tariff will produce such economy in consumption, both of necessities and luxuries, and that the customs revenue will not be benefited to the same extent as he imagines. But even so I admire the skill with which he has so framed his budget as to make provision for having it both ways. Should imports fall away and his income from customs duties fall short of his estimate he will no doubt reap the benefit of the improvement in the balance of trade for India which will react favourably on exchange. During the last three years, including the current year, the deficit of 6 crores in 1918-19, of 23 crores in 1919-20 and 11¾ crores in 1920-21 have been met by adding to the floating debt. It is only right that this should not continue but that the increased expenditure should be met by increased taxation and I am glad that Mr. Hailey has had the courage to take a step to try and make both ends meet. He says very little about the efforts, if any, that Government are making

to exercise economy in the various departments. I can assure him that these are times for drastic economies.

Sir, I am not going to weary this Assembly with talking about exchange, military expenditure, Paper Currency Reserve and the past omissions of Government. What I want to talk about and what concerns the mercantile community of India is the railways. I regret very much to see that only 15 crores are allotted against capital railway expenditure. This is less even than last year, and that was little enough. We all know the state in which our Indian railways are situated at the present time, short of rolling-stock, short of traffic facilities, in fact, short of everything which tends to efficiency in a railway. India is badly served with railway lines and it does not look as if there would be any new extensions during the present year. I would like to read out the evidence of Colonel Waghorn and other Members of the Railway Board before the Railway Commission the other day :

'The fundamental difficulty from which railways are suffering is financial and unless this can be surmounted, no change in the administration will effect any considerable improvement. The railways at present are seriously in arrears both in ordinary maintenance and improvements to enable them to cope with trade and other public requirements. The deficiencies both in respect of rolling-stock and traffic facilities are not entirely attributable to the war but are to be ascribed to the inadequacy and uncertainty in the supply of funds which prevents any definite and consistent programme of improvements being worked out They think, however, that on economic grounds it will be unsound at this time to raise money for new construction. Under the existing arrangements the system of regulating expenditure on railways to accord with the fluctuating resources of the Government of India from year to year has been very detrimental to railway improvement and development. They, therefore, consider that the Board should be granted financial autonomy and that funds raised for the railways should stand outside the ordinary Ways and Means of the Government of India. To maintain a definite continuous policy of expenditure in the future the Railway Board or Commission should be financed as follows : From loans raised by the Government of India in accordance with a definite programme fixed for a period of five years ahead in England and in India such loans to take the form of debenture stock of the Government of India or a railway loan as might be convenient, but all money raised shall be placed at the disposal of the Railway Board separate from and entirely outside the resources of Government.'

As I said before, I very much regret to see that only 15 crores are allotted against railway capital expenditure. I hope, however, that the Government of India will press on the Railway Commission, as the Honourable Sir Alexander Murray suggested in his speech at the annual meeting of the Chamber of Commerce in Calcutta the other day, to issue an *ad interim* report before the Commission leave India. I would remind the Government that the Mackay Railway Commission, in their report, recommended that no less than 12 million pounds should be spent yearly on railways. I do not think this sum has ever been spent since in any one year. In any case, I hope the Government will give us an assurance that if a further allotment this year is not possible, the 15 crores will all be spent on railways. We have known before now of allotments of this description being cut down to meet, say, any extraordinary expenditure which may arise during the year and which may not now be foreseen.

Munshi Iswar Saran: Sir, it is the military expenditure which over-shadows the entire budget. The increase in this expenditure is truly appalling. The net expenditure in India and England under all military heads in 1885-86 was Rs. 2,03,85,937 and it is proposed to allot Rs. 62·20 crores for net expenditure on Military Services in the present budget. With the experience of only 1920-21 when the actual military expenditure is likely to exceed by Rs. 15,24·34 lakhs, he will be a bold man indeed who will undertake to say that the poor Indian tax-payers will not be called upon to face a similar increase this time next year. But the most significant fact is that the military authorities are not apparently satisfied even with this enormous provision that has been made for them. Observes the Honourable the Finance Member, 'I may say that the military authorities originally pressed for a much higher figure'—I shall beg the House to carefully mark the words, a much higher figure—'than that now placed in the budget.' I shudder to think as to what would have happened if the military authorities were allowed to have their own way. Without the least intention of causing the slightest offence—and I shall be sorry if I cause any offence—I wish to ask in all seriousness, 'Is it imagined that India only exists for the army?' In view of the general backwardness of the country and its resources, the conclusion is simply irresistible that India cannot and must not be made to bear such an extraordinarily heavy load of military expenditure.

The causes responsible for this staggering military budget are many and complex, but I shall ask the permission of this House to carefully comment on only a few of them.

We know that the annual average cost per head of the Indian combatant ranks is approximately Rs. 500 and the annual average cost per head of the British combatant ranks is approximately Rs. 2,110. In other words, we can roughly employ, for the same amount, four Indian soldiers in the place of one British soldier. Having regard to our finances—for the moment I shall not take into account other and higher considerations is it not wise to employ less British soldiers? Taking the strength of the British and Indian armies on the 1st of January 1921 as the basis of calculation, the ratio of the British to the Indian soldier is roughly 1 to 3. I shall ask the authorities to increase the ratio of Indian soldiers. I earnestly plead for a policy of greater trust and confidence.

Closely connected with this question of ratio is the system of short service under which British troops are employed in this country. I submit, Sir, this system needs a radical change.

It is obvious that the main advantages of this system are gained by England while the disadvantages have to be borne by India. Furthermore, it serves as a handicap. We are told by the Honourable the Finance Member that this system has been an obstacle to the reduction of military establishments in the fighting units and the auxiliary services. According to Mr. Hailey the Government of India are under a semi-contractual relation with His Majesty's Government and they have declined to bear the cost of British troops transferred at short notice from the Indian to the English establishment.

But before I pass on, I shall, if I may, speak a word as regards the Commissions in the Army. As the House is aware, the number of officers holding the King's Commission is approximately 8,890 and the number of officers holding the Viceroy's Commission is approximately 4,670. The former consists practically of British officers while the latter wholly of Indian officers. On no ground of justice and fair play, I venture to submit, can this exclusion be justified. In answer to a question put in this House the reply was given 'that it is the aim of the Government of India that His Majesty's Commissions should be conferred in increasing numbers, provided that the experiment, now being tried, of employing them in this capacity proves successful?' Our soldiers have by their valour and devotion to duty earned universal praise and surely no one can contend that India which produces such excellent soldiers is not capable of producing good officers. I say there is no need to wait for the result of the experiment. I maintain that our soldiers have been tried not only on the battlefields of Asia but also on the battlefields of Europe, and in every part of the world they have gone they have rendered most admirable account of themselves. I submit, this doubt and hesitation are utterly without any foundation. The reform in regard to Commission is long over-due. Conditions have to be changed and facilities have to be increased if Government is really anxious that an increasingly large number of Indians should hold His Majesty's Commission in all the Forces.

Naturally I feel considerable hesitation in saying anything about the Frontier policy, more particularly having regard to the operations that are going on. We did not possess the requisite information and are, therefore, not in a position to say anything with confidence as regards the occupation of Central Waziristan and the operations in Southern Waziristan. But one thing I can say with absolute confidence that there is no sane and patriotic Indian who will not shed the last drop of his blood to protect his country. We have undoubtedly our differences—and acute ones too—with Government in regard to internal matters, but as far as any outside foe is concerned, we are and will remain united. We are no doubt anxious for self-government but we do not wish to change British rule for any other foreign rule. In view of this feeling in the country and other circumstances, may not one suggest the reconsideration of the Frontier policy, the cost of which is proving to be simply ruinous.

There is a general idea, Sir, that the combatant forces in India are really in excess of the actual needs and requirements of the country. In support of this view it is urged that this is the reason why Indian forces are able to be sent out of India. Even to-day I imagine we have our forces in Mesopotamia, Palestine and Egypt, etc. In 1895, the Financial Secretary of the India Office in a memorandum submitted before the Royal Commission appointed to inquire into the administration of military expenditure in India, said:

> 'That India is utilised as a reserve for England in a much truer sense than England is for India, that England not only claims the services of British regiments for the time stationed in India but that she frequently uses the Native regiments towards the cost of which she has in no way contributed, that it may therefore be reasonably urged that England ought to assist in the maintenance in India of so large a force upon which England does not hesitate to draw.'

Furthermore, is it not a ground for Great Britain to bear a part of our military expenditure?

I do not forget that all that I have said so far exposes me to the chief sneer of my being a mere layman who knows next to nothing about military matters. But, Sir, there are two points of view, one of the military expert, the soldier, who desires to spend as much money as he can in order to keep to his high standard, and the other of the poor Indian tax-payer who has to bear the burden. But before the military expert dismisses my remarks with a shrug of the shoulder and an amused smile, let him consider the following remarks of Cardinal Newman. Says he:

> 'All professions have their dangers, all general truths have their fallacies, all spheres of action have their limits and all are liable to improper extension or alteration. A zealous professional man soon comes to think that his profession is all in all and that the world would not go out with it.'

It is often said how can you object to all this military expenditure when you come to think that this is for the safety of your country? I shall meet this question and give the same reply that was given by the late Mr. Gokhale. He said:

> 'National safety is of course the first and most prominent consideration in a country's administration. But no people can bear indefinite and ever-increasing burdens—practically without limit and absorbing the greater part of every financial improvement—even in the name of such safety.'

May I respectfully make a personal appeal to His Excellency the Commander-in-Chief who has the reputation of being in sympathy with our growing aspirations? I shall earnestly beg of him to revise the entire military policy in this country, to curtail this ever-increasing expenditure and to place far greater trust in Indians than has been placed hitherto and to afford to us all those facilities for higher careers which are open to our

fellow subjects in England itself. An appeal like this may well be made to a towering personality like his.

But, Sir, I cannot sit down without paying my tribute of admiration to the Honourable the Finance Member.

He has been sincerely frank and has placed all his cards on this table. Let me, however, express a hope that it may be his good fortune next year to present a budget which may be hope-inspiring instead of hope-killing as is the budget now under consideration.

Mr. N. M. Joshi: Sir, I admit that in criticising this Budget we are in a very disadvantageous position. I recognise that the last monsoon was unsatisfactory. I also recognise that the trade conditions in India were depressed on account of causes which were not wholly under our control. Moreover, the Finance Minister has disarmed the criticism by partially admitting the mistake of Government in regard to their exchange policy, but the mere admission of a mistake does not help us at all, although it may disarm criticism to some extent. Sir, the whole mistake and failure of Government in its exchange policy was due, as my friend, Mr. Jamnadas, said, to the Government's putting greater confidence in Lombard Street in London than in Apollo Street in Bombay. But on account of this the merchants in Bombay are put to very great difficulty, for which instead of being consoled by substantial sympathy they are hurt with galling expressions.

Sir, we are told that this is an economy budget, but unfortunately we fail to see where economy lies. I cannot see it anywhere. Look at the civil budget and what do we find? Instead of finding that the expenditure is reduced at least by a few rupees, we find even here that the expenditure has gone up to a great extent. We should have even been quite satisfied if the expenditure had remained where it was in prosperous times. Then, let us look at the military budget. We are told that the ordinary military expenditure will be 58 crores, that is, at least 3 crores more than what was estimated by the Meston Committee only a short time before. And, we are told, that there is an extraordinary expenditure of 4 crores. But, Sir, although the Honourable Finance Member classes this expenditure as extraordinary, I suspect that he does mean that this expenditure will be reduced next year, for, if that had not been his meaning, he would have tried to meet this extraordinary expenditure by further taxation. If the expenditure is extraordinary, it could certainly have been very well met by a loan. After all, the public debt of India is not so enormous, as was pointed out by the Honourable Mr. Rangachariar from Government reports themselves. Therefore, if the Honourable Finance Member considers that these Rs. 4 crores is extraordinary expenditure, let him not meet it out of the revenue from additional taxation, otherwise I am quite sure the extraordinary expenditure will become an ordinary expenditure next year.

Sir, the question of the military budget has been dealt with so fully by previous speakers, that I need not speak much on this point except to say that the only way of checking the military expenditure is to Indianise the military service and to raise a citizen army in India. When we are confronted with a deficit of 18 crores, there are proposals for additional taxation, and in making these proposals it seems the Honourable Finance Member is very anxious that all classes of people should share in this additional taxation. Sir, I am pleased at the anxiety of the Honourable Finance Member to give equal treatment to all classes. But is it really fair that when the masses of this country are unable to bear even the present taxation they should be asked to bear a share of the increased taxation of this year? The average income of an Indian is taken, even by an optimistic estimate, at between Rs. 40 and Rs. 50. Is it sufficient at this time to maintain the body and soul of a person? If it is not sufficient, it is wrong to tax the large mass of the people of this country. If further taxation is necessary, it must come out of the pockets of those people who can afford to pay and not from those people who do not even get sufficient to keep body and soul together.

Sir, when I examine the taxation proposals, I shall first refer to the proposal to increase the railway rates. The Honourable Finance Member proposes to increase the surcharge rates on fodder, fire-wood and grain. All this will be paid out of the pockets of the poor people. I would therefore request this Assembly, before they give their sanction to this surcharge rate, to consider whether the poor people of this country will be able to bear this further burden. Then, Sir, we are told by the Honourable the Finance Member that this surcharge duty is only a temporary one. But we must look into the meaning of his words. They do not mean that the surcharge duty will be removed or cut down next year, but they mean that the rates of the goods as well as the passenger traffic will be raised and the surcharge duty will be merged into them.

Then the Honourable the Finance Member has told us that Government are considering the question on raising the rates of goods as well as passenger traffic. I think it my duty to point out that if the Government do increase the rates of passenger traffic, they should not increase the rate for 3rd class traffic. If there is any one part of the railway traffic which has paid its way, it is the 3rd class passenger traffic; therefore if Government want to increase the rates for passenger traffic, let them first increase the rates for second and first class passenger traffic without giving the first and second class passengers any further comforts. And I say that they must not touch the third class rates until the comforts of the third class passengers have been increased substantially.

The Honourable Mr. W. M. Hailey: May I rise to a point of order, Sir. If the Honourable Member is referring to a statement made by myself, I wish to make it perfectly clear to him, having refreshed my memory, that I said nothing whatever about increasing passenger fares. What I said referred to goods rates.

Mr. N. M. Joshi: The question was that the railway rates should be revised.

The Honourable Mr. W. M. Hailey: 'Goods rates' were the words I actually used. I did not refer anywhere to 'fares'.

Mr. N. M. Joshi: Then, Sir, the Honourable the Finance Member warned us not to be too pessimistic, but I would ask this Assembly to look at his proposals to increase the postal rates. He himself admits that the post is a great means of progress—it helps progress and civilisation. But at the same time he is willing to tax this means of progress and civilisation, thus making the path of progress and civilisation difficult. Is this an act of a man who feels optimistic about the finance of this country? Personally, I believe he feels that the country is on the brink of a catastrophe and, therefore, he must save it even at the cost of civilisation and progress. At this stage, Sir, I wish to say no more.

Lieutenant-Colonel H. Gidney: Mr. President, it is not without some considerable hesitation that I have been able to decide whether I stand up to-day to hail Mr. Hailey as one of his congratulators or as one of his detractors. Taking the Budget as a whole, though, I feel that I have to give it my support. In fact, the more I delve into it the more I come to view that it is a document expressing exceptional boldness and courage and containing the skeleton of a consistent financial policy even in the very uncertain times in which it has been framed. I feel certain that it will go down in the history of India as one of the most important Budgets ever presented.

Moreover, I feel that I am voicing the opinion of this House when I offer the Honourable Finance Member my sympathy, for none will deny that no previous Finance Member has been so seriously handicapped and so persistently dogged with bad luck as has been the unfortunate lot of the Honourable Mr. Hailey. His position has not been an enviable one for he has had to continually contend against adverse forces, both exogenous and endogenous, from which his predecessors enjoyed an almost complete immunity. I have outside and inside this House listened to most severe and rabid criticisms against the financial policy which the Honourable Finance Member found it necessary to adopt during the past year. Especially with reference to the sale of Reverse Council Bills, but to all such critics I have only one reply to make: He has given us of his best and what more can you expect from any man. If he has erred—'Humanum est errare', but I as well as India thank our stars that you were not in his place. This, however, will not prevent me from offering such broad criticisms as may reasonably come to the mind of a man who does not pose, in any way, as a financial expert.

Broadly, the budget presents itself to me in this form: On the debit side four-fifths of the expenditure estimated by the Honourable Finance Member represents obligatory items removed, at present, from the direct control of this House. These items are placed out of our purview formally by law, but actually because of contractual liabilities concluded by the Secretary of State on behalf of His Majesty's Government or by the Government of India as the agent of both. The disbursement of the remaining one-fifth is subject to the vote of the necessary supplies by this House, although I suppose that no small portion even of this one-fifth is also obligatory in the sense that the Government of India has already committed itself in some way to its spending.

On the credit side the financial machinery of Government, as offered to us, is a going concern with an income of 110 crores. For some years it has been living a profligate life by dissipating its national credit.

Having previously arrived at his figure of 129 crores on the debit side, the Honourable the Finance Member proposes to put into operation that canon of sound finance which he lays down for our guidance, namely, that the Government should stay this process of living on its patrimony and make its income balance its expenditure. To achieve this purpose he asks this House to impose 19 crores of additional taxation on the country.

Though, as I say, I am no financial expert, yet, I have studied, as has apparently the Honourable Mr. Hailey, that well-known economist Mr. Micawber, but I admit that I had in my own mind translated his great economic principle in the somewhat homely words that 'a man should cut his coat according to his cloth.' In other words, there are two ways of cancelling or of diminishing the deficit. One is the method put forward by the Honourable the Finance Member, to increase our income, and the other what I read to be Mr. Micawber's advice, namely, to reduce our expenditure. Still, I look upon this House rather in the light of a legatee of an estate which it is taking over with the liabilities attached to it by the testator. I do not wish to probe into the past for it will serve no useful purpose. I look to the future and it is for that future that '*I require some definite guarantee.*'

In my own personal *menage* I find the wherewithal and *I* spend it. The relationship between this House and the Government is certainly a most peculiar and extraordinary one. It reminds me somewhat of a married couple where the husband earns the money and the wife's duty is to spend it, having regard to the earning capacity of her partner. It is a truism to say that a husband's income is dependent on his wife's output. Well, the function of this House is to provide the supplies, while the duty of Government is to spend the

money; *but* to spend four-fifths of it without our having even a whisper, much less a voice, in the spending.

If a relationship of this sort is to be a stable one it must be founded on mutual confidence and co-operation. Yet, I do not complain. I am willing to accept my inheritance with the conditions *at present* attached to it. But I do want, as I say, *some definite guarantee* that new expenditure, whether of a capital or of a recurring nature, whether concerned with votable or non-votable matters, whether productive or non-productive, whether military, political or ordinary *will* receive the assent of this House, and I am of opinion that that assent should be obtained from the Standing Finance Committee (which I regret to note has no European Member on it) which has been recently elected. I include in this not merely proposals for new expenditure but also for the diversion of existing expenditure into new directions or on new objects. An impression is current, which I share, that the Government of India does not always get or even endeavour to get the best value for its money.

I am, however, very pleased to see that the Government have imported (I don't know whether under the old or new *ad valorem* tariff) a firm of skilled accountants to go into the system of their accounts and I should not be at all surprised if they would find quite a lot to do on the military side. I am not an advocate of reducing the present strength of the Army in India either British or Indian and replacing it with a Territorial or Auxiliary Force. This will not reduce the expenditure; for, above all else, we need a well-trained, efficient and ever-ready army and this needs money, but I do state that the military expenditure would be considerably reduced if the body of London expert accountants, now touring India, devoted their *very* careful attention and scrutiny to the Supply and Transport Branch of the Army Administration, where, I believe, material reductions can be effected without in any way reducing the efficiency of the army as a whole. We are willing to accept *necessary* expenditure, whether it be for material advance or for the internal or external security of the country. I see that a certain sum is provided in the budget for the purpose of carrying out some of the recommendations of the Esher Committee. I sincerely trust that this House will, in some manner, be allowed an early opportunity to examine the necessity of the case before this money is expended. I say that if you satisfy the Standing Finance Committee *I* shall be satisfied. I trust that the Honourable Finance Member will take the Standing Finance Committee into his complete confidence and allow it to perform that function on behalf of this House which, by reason of its size and constitution, it cannot perform itself. With this hope, that the spending side of the business will be carefully scrutinised, I now turn to the proposals for additional taxation and I may say that I look with considerable apprehension, remembering the community I represent, on any action which the Government takes that is likely to lead to higher prices. The Honourable Finance Member in his speech expressed satisfaction that the signs pointed to lower price levels, but *my* experience of the past few days is that the shopkeepers are of a different mind and these, Sir, are the shopkeepers who supply the community I have the honour to represent with their necessary articles of existence. The shopkeepers tell me that the cause is the new import duties and I am afraid I must believe them. Sir, speaking on behalf of my community and of the less opulent Europeans living in this country, I say, without fear of contradiction, that the increased import duties will provide another excuse to the middleman to profiteer, and will make the lot of these people still more intolerable than the war has already made it. Indirect taxation falls on the consumer with double force, and rather than see this I would have welcomed a wholesale revision in direct taxation, even though some of the burden had fallen on the lower incomes. This increase in the cost of living is bound to react on the Government itself. The Government has spent, so I understand, large sums of money in the past two years on making revisions of pay. From the murmurs I hear wherever I go I have got a feeling, that considering the sum involved, the Government have not spent even this money wisely.

It is the members of my community, those who live on small salaries and who depend, to a large extent, on overseas supplies, who are hardest hit by high prices, and who are likely, as far as I can see, to be most affected by the new import duties. Most of them are already living on the barest minimum and the consequence of the still higher prices will be an inevitable demand for higher wages and most of these people are employees of the Government. They are the backbone of our Railway and our Post and Telegraph Departments, for which, as the Honourable Finance Member himself admits, the Government keeps its accounts in such a form that it cannot tell whether they are run at a loss or a profit. If the prices of the necessities of life for these people are now to be increased they will ask for higher wages, and frankly I cannot see how the Government will be able to resist such a demand. Now I ask the Honourable Mr. Hailey if he has taken this contingency into account in framing his budget? I have attempted to find such a provision in that awful book of figures with which we have been presented but must confess that I have failed. The Honourable Mr. Hailey's anticipation last year regarding railway profits were falsified, as he says, by this factor. In view of this experience I should have considered it prudent for him to have provided for such a possibility in the present budget. With my understanding of things in the railways and elsewhere, I take this opportunity to warn the Finance Member that this is a matter which, in framing a budget for the coming year, he would be wise not to overlook.

This, therefore, Sir, appears to me to be a further reason why all measures involving additional expenditure in the next year should be jealously scrutinised by this House, which above all things fears the insidious growth of a *fresh* deficit. It is such small items as these which go to make up a deficit of 19 crores, a deficit which I feel sure would have been

smaller had it not been for that ubiquitous item 'Miscellaneous' which one sees scattered about all over the pages of the budget. I put my trust, however, in the Honourable the Finance Member making full use of the Standing Finance Committee during the coming year, and with an assurance to this effect from him I look forward with confidence to a future with more elements of happiness than are apparent at the present time for the people whom, in this House, we are all out, with one common aim to serve.

Mr. N. M. Joshi: I rise to a personal explanation, Sir. In my speech I referred to the likelihood of the rates of passenger traffic being increased, and the Honourable the Finance Member took exception to it. I now read the following sentence from his speech:

'I submit, therefore, that quite apart from our present financial necessities, a moderate increase of rates, particularly on goods traffic, the rates for which are mostly still on a pre-war basis, could be amply justified on business grounds.'

I leave it to the House to judge whether I was justified in drawing the inference which I did.

Raja Sivanandan Prasad Singh: Though the Budget, as presented by the Honourable the Finance Member, is a gloomy budget of a deficit of thirty crores with fresh taxations and additional loans, there is hardly any Member in this Council who will not give him praise for the labour and skill with which he has performed his task, which is by no means an easy one.

Sir Frank Carter: May I ask the Honourable Member to speak up.

Raja Sivanandan Prasad Singh: An outcry is raised in the Press against the Honourable Mr. Hailey's budget (and I am indebted to the *Pioneer* for this collective information) that it is 'most dismal', that 'sweeping imposts on necessary articles of trade will be deeply and rightly resented, that the poor of India are already heavily saddled with rates and if the reforms régime intends to add to them, it had better not have come at all', that 'the budget will be received in the country with feelings of uneasiness, apprehension and anxiety' and that 'the huge deficit does but represent the bureaucratic way of irresponsible extravagance,' and that the budget of deficits and disasters is unrelieved by any ray of hope and untinged by any sign of reform', and that the additional taxation is imposed as 'a burden on the poor'. And if these are the denunciations of the country, the Honourable Mr. Hailey is left severely alone with none 'so poor to do him reverence'. It must, however, be admitted that with a readiness and characteristic precision which is highly commendable, the Honourable Mr. Hailey has shown us the grim reality and has given us a full and complete information regarding the various items encompassed in his budget. He has frankly, and as he says with no feeling of regret at the curtailments of powers formerly bestowed on Finance Members, welcomed the measure of partnership in the trusteeship for the finances of India. All these are good enough. But I must say that on looking through the items in the budget, the Finance Member seems to have presented one side of the shield which he conscientiously thought would be a safe side to regulate India's finances on sound and healthy lines. He has ignored the other side of the shield. India is an agricultural country and it is an irony of fate that poor cultivators who work in fields with their wives and children from morning till noon and from noon to dewy eve are deprived of the rewards of their labours.

All the agricultural produce, such as food-grains, etc., are purchased by the middleman and exported to foreign countries with profit to himself and starvation allowance to the actual cultivator. If India is to develop economically and to take a place among the nations of the world, an embargo should be put on the agricultural produce of the land specially food-grains. The collection realised from the export duty on food-grains would be more than sufficient to meet any deficit in the finances of the country. This is only an arithmetical calculation which could be made from a glance of the trade returns. Look into the export of food-grains, say of 1917, a period much below normal. The exports abroad of food-grains were nearly 2,915,000 tons. Notwithstanding the scarcity of tonnage, the foreign trade in rice was well maintained. Nearly 1,585,000 tons were exported. These exports were valued at Rs. 18·42 lakhs. The exports of wheat were valued at Rs. 8·95½ lakhs. I am conscious that in presenting the other side of the shield, namely, in proposing an export duty on food-grains which are grown in our country and to which my countrymen have a preferential right of enjoyment, I would be attacked by the wealthier class of merchants and middlemen on the ground that they would cease from buying these food-grains for purpose of export. If they restrain from doing it, I would regard it as a consummation devoutly to be wished for. If the produce remains in the land, the cost of living would go down automatically and there would be no poverty in the country and no unrest anywhere. This is a matter for serious consideration. Ours is a democratic Government which should first look to the welfare of the people committed to its care. All vested rights and interests should be sacrificed for the common good of the country. Now, with regard to the items provided in the budget, it is unfortunate that at the very outset of the career of the Assembly we are asked to sanction additional taxation to the extent of 19 crores of rupees. It is also equally unfortunate that Government does not suggest any practical measures to ameliorate the present depression in trade or offer any plan which will restore exchange to the 2*s*. level. It is unfortunate that the Honourable the Finance Member has not given any sufficient reason why the Government sold Reverse Councils at prices below market value whereby a sum of 35 crores of rupees went into the pocket of some speculators and merchants when the rupee was soaring near 3 shillings. In regard to the proposed additional taxation, it is again unfortunate that for a trifling income the Finance Member found it necessary to raise the quarter anna post-card to half an anna. It is a hard hit on the poor people, for post-card is their proper channel of communication. It is also proposed to raise the postage from half-anna to one anna for letters not exceeding 2½ tolas.

It would be much better if the Finance Member had left alone the pice post-card and the half-anna rate for letters. With regard to the increase in the *ad valorem* duty on certain imports, I am in hearty agreement with the Finance Member and I congratulate him on the measures he has adopted for the protection of Indian interests. The rise in the import duty will afford protection to Indian industries and articles manufactured in India and a duty of 11 per cent. on foreign goods will enable the textile industry of India to compete with Japanese goods which once flooded the Indian market.

Mr. J. Chaudhuri: Sir, the Honourable the Finance Member has presented us with a bankruptcy budget. He cannot indicate to us any limit of time within which the Government of India is likely to be able to put back the finances of the Central Government on a solvent basis. The Honourable the President of the House has commanded us to say whatever we may have to say with regard to the 1,388 pages of closely printed matter and tables that the Honourable the Finance Member was kind enough to present to us only a week ago, all in 15 minutes.

India has been a land of wonders since time immemorial, and I am not surprised that it has not ceased to be so. We are here as the representatives of the people of India in this our country's Parliament and stand aghast at the very grave and alarming situation that we have to face. The balance of trade which but a year ago was 97 crores in our favour all gone and within the course of the present financial year, and the table turned against us to the extent of 52 crores or more, with the result of the utter dislocation of exchange, trade and commerce. This is something unprecedented and is largely attributable to the currency policy pursued by the Government of India, be it at their own instance or be it at the dictation of the Secretary of State, a matter with which I am not at the present moment concerned. Anyhow, we are now face to face with a large deficit, enormous liabilities undischarged ; our gold reserve depleted ; our paper currrency inflated ; public debt increased and rupee value depreciated. Over and above that, the cost of the civil and military administration has gone up enormously quite recently. The large deficit in our budget is sought to be recouped by an elaborate and far-reaching system of taxation which will be found burdensome by the rich and the poor alike. A very large portion of the losses incurred by the Government of India through their speculation over exchange does not appear in this year's budget but has been kept in suspense, which may re-appear as a further deficit in the 1922-23 budget, requiring, perhaps, a duplication of this year's taxation and loan if we go on in this way. I feel it to be my duty to point out how we have come to this plight and to suggest means, if I may, how we can save ourselves from the situation. After very careful consideration I have come to the conclusion that our present financial disaster is neither a 'legacy of the war' nor is it attributable to the post-war 'high prices prevailing in India', as the Honourable the Finance Member seems to suggest at the opening of his budget speech. The war terminated with the balance of trade in favour of India, augmented rather than diminished. Even during the war years or the five years preceding the war, it has been in favour of India on an average of 75 or 80 crores of rupees. With the upward tendency of our balance of trade, it was no wonder that the exchange value of the rupee in terms of sterling was going up in India. The result of this rise of exchange in India was that we were getting a windfall by which the Indian producer and our public finances greatly benefitted in spite of the general rise in the prices of food-stuffs and other commodities. High price is not an evil by itself. It increases the wages and the labourers are not prejudiced by it. The producer in India with the increased purchasing power of the rupee could get imported articles of bare necessity such as cloth, salt, kerosene oil, iron and other base metals with greater facility than he would otherwise have done.

The Government of India could have effected a very substantial saving on what we call our 'Home Charges' and India's war advances. They could have saved quite 30 to 40 crores of rupees in this way and there would have been then no necessity for the imposition of the proposed taxation or the raising of a further loan. On this question, what did America do ? They had also a similar windfall, and they utilised all the surplus profits in increasing their gold reserve. Why did we not utilise this windfall which we got in increasing our gold reserve. What did we do instead ? We built stone edifices at Delhi, which is altogether unproductive and unremunerative.

I quite appreciate that for the convenience and stability of trade and commerce a stable system of exchange is very desirable. There may have been some justification, good, bad or indifferent, for a moderate and judicious sale of Reverse Councils at a time when a sterling draft on London was available in India, on, say, a ten-rupee basis. But I have not been able to appreciate why the Government of India should have persevered in the reckless sale of Reverse Councils Bills till the present financial and commercial breakdown came about. The proof of the pudding is in the eating. The Government is now sadly confessing that they are powerless to control the downward fall of exchange along a steep incline and placing before us the serious consequences of their currency policy to themselves, the public finance, the gold and the gilt-edged currency reserve, to their other assets in England, their note circulation, etc., and to the trade and commerce of the country at large. They are unable to suggest any remedy for it and would only trust to luck and Providence. But Heaven helps those who help themselves, but would not help those who run counter to the laws of nature. I shall briefly indicate how the Government of India have preferred to pursue the latter course. When the balance of trade was nearly 85 crores or more in our favour, they prohibited the importation of gold except by themselves. What was the result ? When the balance of trade has been in favour of India, as it has been not only after the war but during the war and even during the pre-war days, England and other exporting countries have

been indebted to us to the extent of that balance. During the pre-war days the Indian exporters used to realise at least half of this balance (35 to 40 crores) by the importation of precious metals, 80 per cent. of which (25 or 30 crores) was in gold. This was not for the purpose of hoarding. When the balance of trade and exchange was in India's favour, it was to the advantage of Indian trade to pay for her imports from, say, America, Japan, Holland, England and other neutral and Allied countries in terms of gold and therefore private importation of gold was as much a trade necessity as it was in the pre-war days. During the war and the sub-marine operations there was a physical obstacle to its importation. But after the termination of the war there was no reason why a ban should have been put on the private importation of gold which was essential for the maintenance of exchange and balance of trade in favour of India.

The Government by trying to secure a monopoly over gold import have involved the public finances in losses and also the people at large in India : Over and above that the continued sale of Reverse Councils against persistent public protest has involved the Indian exchequer in losses which, according to the more recent announcement of the Secretary of State, amount to 35 crores. That is the legacy that the Government of India is leaving for us as the result of their post-war financial currency policy. The Honourable the Finance Member has offered us no practical suggestion as to how we are to liquidate these losses, discharge our enormous liabilities, make our two ends meet and restore our balance of trade. I have said that the reversal of our balance of trade is largely due to the continued sales of the Reverse Council Bills and also to a policy of trade control. I shall just say a few words to explain my meaning. By the continued sale of Reverse Councils during the better part of last year the Government managed to withdraw the money that would have otherwise circulated in the country for the legitimate purposes of trade and commerce. When the Government got this money they locked it up in the currency reserve, and the bulk of it was gone in to meet the losses incurred by the Secretary of State in discharging the liabilities in respect of the Reverse Councils and the forced sale of gilt-edged securities. By the adoption of this course, be it by the advice of the Financial Adviser of the Secretary of State or of the Government of India they have gone counter to the recommendations of the Chamberlain Currency Commission. In the first place they have sold Reverse Councils not when the exchange was weak and falling, but when the exchange was strongly in favour of India. Next they have depleted the gold currency reserve that required strengthening for stabilising exchange. They have promoted speculation in Reverse Council Bills, which the Chamberlain Commission said they should never do. They did not sell the Reverse Councils in the open market and insisted on deposits with tenders which confined the transactions to a limited circle. The result was that only a limited number of people who speculated in it were profited by it and the Indian Exchequer, the trade and the producers and the general tax-payer, have all suffered serious losses through their speculative transactions. With a superabundance of Indian Bills in the London market, a paucity of gold coin and bullion, an inflated paper currency, the raw produce of India partially controlled and some such as hide preferentially tariffed, a superabundance of exports was bound to follow, reversing the balance of trade against India, lowering the rate of Indian exchange along a line of steep descent, to the serious detriment and loss of the exporter, importer and the Indian producer alike. The result of our currency policy has been not only to involve the Government of India in serious losses and deficits but the general public as well. To meet the deficit and for the indispensable capital expenditure the Honourable the Finance Member has presented to us a cut-and-dried proposal for the increase of taxation and loans. We are expected to nod assent, for with the limit of our time what else can we do ? All the same I would venture to make one or two suggestions, and that in the interest of the poorest section of the Indian community. I say in the first place, do not increase the railway freight on food-stuffs, fire-wood and piece-goods. In the next place do not increase the postage on post-cards, and on letters below the weight of half a tola.

If I am asked how would we make good the deficit, I would say raise a crore or more additional loan pending future retrenchment and tide over your deficit for the present. Each crore of such loan will cost you only 6 or 6½ lakhs in interest, which will be more evenly distributed and will not be felt by anybody. Then when you provide a sufficient sinking fund for a loan, the repayment may be distributed over some generations without making any one generation bear the burden of it. This I have suggested as a temporary makeshift. For relieving the burden of taxation on the poor, for deflating our paper currency, for building up a sound system of paper currency reserve, for providing an adequate sinking fund for our public debts, for meeting the liabilities kept in suspense and for obviating the necessity of imposing any further taxation, we ought to appoint a Retrenchment Board of officials and non-officials and take the assistance of an outside financial expert. I may say, in conclusion, that if any public company presented a balance-sheet like the Government of India budget, I am sure the shareholders would have insisted on the directors adopting some simpler method for placing the affairs of the company on a sound and satisfactory financial footing. We are here not merely the proxies of shareholders but also shareholders too in the Government of India, and we are justified in asking its directors to co-operate with us in liquidating the losses and liabilities of the Old Régime and putting the affairs of the Government under the New Régime on a thoroughly sound and business-like footing, and if for so doing a substantial retrenchment has to be made in the civil and military expenditure of the Government, it must be done, otherwise the discredit of it will not only be theirs but ours as well.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Tuesday, 8th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

GENERAL DISCUSSION ON THE BUDGET.

Dr. Sir D. P. Sarbadhikari: Sir, the usual chorus of congratulations and condolences is already full and I readily associate myself with it as more than a matter of courtesy. The Honourable the Finance Member's adroitness in forging a double-edged weapon, which will cut either way, has been commented on by Sir Frank Carter who will, however, not speak out his mind on the enhanced sugar duties, for his feelings on the subject cannot be surcharged with an overabundance of sugar and not trusting himself to speak he prefers silence. When Mr. Pickford spoke in another concern of the splendid paper achievements of the Finance Department, he must have smothered his feelings about the import duties in a way that did him credit. We may spare further efforts in that direction. Nobody takes it very kindly to be told that he has been attempting to do the best of a bad business, largely brought on by himself and his colleagues particularly when he has the sub-conscious feeling that the disappointment is far too deep for expression.

We have been told that we had a bad year and must have had some preparedness for a bad budget. But the monsoon has not been so very bad, our credit is good and prices are coming down. We, whose years are of 'perennial badness' to suit the financial conscience have cultivated eel like virtues and feelings that make us proof against surprise and must put up with all that comes or is flung. Though the lack of resources and the staying power of the people are at the lowest and taxation at the highest we are called on to keep on smiling. Micawber-like we have to go on grinning in the expectation of better things turning up though we are perfectly persuaded that perverse contrariness has really far worse in store. Taxation in the Central Government, taxation in the provinces with their new found powers and obligations are to be the portion of a long-suffering people for whose uplifting the Reforms which have not come a minute too soon will have no real chance for many a year. Imagination, statesmanship and frank dealing, which and which alone can save the situation, have yet to come over budget debates, and budget proposals, however elaborate, farsighted and well meant, will not, even in the spacious days that are supposed to have arrived, avail us. For we are up against a long-standing and mischievous system and the trained accountant is coming too late.

The spacious days according to certain points of view voiced by the Honourable Mr. Hailey have been left behind. Remembering those he will not take the responsibility of telling us who was responsible for the Exchange Tragedy and has by his unspoken impeachment made the case worse. He will not take the responsibility of defending military extravagance and leaves the work to what he significantly calls the Army Member. When His Excellency does come to speak, we must do him the courtesy and justice of remembering that he is new to his post and has been in the country only for a few weeks. Much has already been spoken for him in the paper placed in our hands this morning. He may well, however, cry out to be saved from friends who, while justly decrying swelling military expenditure, make insidious attempts to increase it by making Mr. Hailey's description of military member inapplicable to him in future, and making civil administration still more topheavy by having another semi-military apologist in the Executive Council, already too large and expansive.

I shall waste no vain regrets on the week's ineffective wrestling with an eight-volume budget that a resourceful Department must have taken as many months to prepare, nor on the inevitable quarter of an hour's time-limit which you, Sir, have felt compelled to put.

One can only hope that when year after year for ten years, for near upon 150 quarters of an hour the searchlight is played more or less clumsily upon the dark crevices around, supported by scouting and mining and occasional sniping that must go on throughout the year, some negotiable passes may be discovered out of labyrinth, and utter breakdown avoided by the time that the next Parliamentary inquiry comes. It is difficult to build solid and honest co-operative optimism on slender foundations like those presented to us. For the present, the pioneer work must be of mere jungle clearing and you can do as much sing-song shouting as you like to relieve your feelings and lighten your toil. The old world speech does hurt none if it benefits none.

Already so many business men have spoken and will speak of the exchange problems that I shall leave it alone as far as possible. And after the Honourable the Finance Member's appeal *ad misericordiam* it would be really flogging a dead horse. The regret, however, is that his courageous promise to be frank—and he sportingly said it was no use being otherwise—has been unaccountably belied. I am not sure, Sir, that he has a right to refuse though it is good of him not to cry 'Not me, Sir, but the other boy.' His seemingly unaccountable

refusal will stand in the way of that sympathy being extended fully to an erring and unfortunate Finance Member which was customary less in responsible and more critical days. The writhing contempt with which Mr. Tata was scathed in Simla during the last session of the Legislative Council in his futile attempts to gain time and considered opinion and to avert disaster, will be fresh in the minds of many. In later times the presiding Judges look—the Darling look—has been ineffectively attempted to be made a ground of appeal. Official looks on that occasion in Simla have not had similar honours; and, if we refer to it, it is in no unchivalrous spirit but to guard against repetition. We have heard of the generous start given to the new Provincial Governments, and our budget proceeded upon the basis that it will not be weakened by having to do justice to the provinces. The Bombay and Bengal budgets have a woeful tale to unfold, though there may be a different state of things in the United Provinces, the Punjab and Madras, which are so powerfully and so patriotically represented on the Central Government. My intention is to take the earliest possible opportunity of guarding against further weakening of the budget by the Government having to do justice to the University of Calcutta and to the Province of Bengal. Bombay wants its share of the income-tax, so do we. Bengal urges the same claim and wants its own exclusive jute duty ; it also wants provision for the reconstruction of the University, for the examination of which question the Sadler Commission was appointed. I do hope that if the Government of India fails us in this matter, the Secretary of State will intervene and that justice will be done. I am not putting this forward with a view of getting any vote, but by way of a constructive proposal; in case justice is going to be done to Bombay, the same justice should be vouchsafed to Bengal as well.

Then again about the Territorial forces, for which even rules and schemes have not yet been promulgated, a lump sum of Rs. 5 lakhs has been budgeted. One feels almost a feeling of dismay that though the war is really at an end, though the budget has grown bigger than before, the provision made for the nation-building agencies, which we should have looked forward to in the reformed days, has been almost negligible. If the second line of defence about which we have heard so much outside and in the Esher Committee Report, if the standard of the Bengal Ambulance Corps and the Calcutta University Corps are to be materialised, the Territorial question must be taken up in right earnest. Much more than Rs. 5 lakhs will be required : it will not be enough for the military authorities to say that it is a political toy and that it shall form no part of the military machinery. The scheme and the rules have not yet been framed, and if the Territorial force and auxiliaries are to be a real help to the military, much larger expenditure and careful handling of the situation will be necessary.

Now, Sir, we must face the situation. Coming to the question of taxation, we must concede that much of it was well conceived and must be supported. The duty on tobacco and liquor might have been larger if there was no fear of illicit transactions. One does not realise why the home-grown tobacco, the manufactured tobacco, should be left alone because of the difficulty of collection of taxes. Leaving alone the poor man's orthodox and less objectionable tobacco, the *chasas' chillum*, much revenue might have been recovered in this department.

The cloth situation, with the duty added on to it and with the withdrawal of the concessions for machinery and stores for spinning and weaving, will be still more acutely felt in this country. No justification has been attempted, I am afraid there is none, for raising the postal rates, and if the educative influence of the post office is to be continued, I think we must let at least the post-card and the newspaper postage alone. It ought not to be possible for anybody to say that it is intended to kill off the smaller newspapers.

Sir, a large sum is shown as a votable sum, covering, as has been pointed out, peons', clerks' and even registrars' pay, on which we are invited to vote or not to vote. We have in a manner been invited to embark on destructive work and refused the vote. I am sure, there is no seriousness in that suggestion, for apart from the Viceroy's right to restore discarded demands and to add new expenditure, it would be worse than awkward and ungracious to start obstructive tactics. In the meantime, we are left to go on wondering why some measures for improving our finances and for restoring trade balances as well as exchange, have not been thought of; why the duty on silver and patent medicines, as another gentleman suggested, could not be thought of, why some unobjectionable duty on bunker coal could not be adopted, and why, for easing the wagon situation, a small extra special freight on coal itself could not be had for the special purpose of building up wagons. These are, however, measures which must be left to another stage. We appeal to the Honourable the Finance Member to adopt some of these suggestions by way of amendments of his own, in connection with the forthcoming tariff legislature, and give us a budget as free from objections under the circumstances as possible. Let him help in staving off ruin and bankruptcy and assist in real works of nation-building. Then and then alone, the vision of a greater India which he has put before us will be realised earlier. For ourselves, in spite of the semblance of power and responsibilities, we can only prayerfully and watchfully trust, that light and grace may grow and increase in those vested with authority.

Lala Girdharilal Agarwala : I must thank the Honourable Mr. Hailey, Finance Member, and his hardworked staff for the detailed and voluminous budget for the ensuing year.

The military expenditure budgeted for the ensuing year stands at the alarming figure of 62·2 crores. The Honourable the Finance Member has very wisely abstained from pleading any justification for such a large military demand and has shifted the burden upon other shoulders. I understand the Frontier situation requires additional forces. The only way to

economise is to substitute Indians for Europeans to a large extent, as they combine in them both economy and efficiency as proved in the late European war.

I am sorry, I find that in the Royal Air Force and in the fighting units with machine guns not a single Indian has been budgeted as officer or to fill other ranks, although 80 British officers and 1,185 British other ranks for the machine-gun fighting unit and 247 British officers, and 1,964 British other ranks are shown. Similarly in Army Headquarters, Headquarters of Commands, Brigades, etc., even in Animal Transport, Veterinary, Ordnance and Clothing, not a single Indian is to be employed as officer or to fill other ranks.

We, Indians, helped our Sovereign in the late European war with our men, material and money and fought side by side with our European comrade and earned laurels in the field. Are we to be treated like this now ?

I propose that military training should be given to us as is given to Europeans in self-governing countries, as promised by my Honourable and esteemed friend, Sir Godfrey Fell, on behalf of the Government (in answer to my Question No. 125 only the other day), so that we may be able to help the Government in time of need. The Arms Act should be removed from the Statute-book. The system of military supplied should also be thoroughly, overhauled.

This heavy military demand will necessitate the imposition of additional and fresh taxation which will be strongly resented by the country. As the Honourable Mr. Hailey has franky, admitted, we have suffered from failure of monsoon. These are hard times. High prices high cost of living, unsatisfactory condition of trade and agriculture have subscribed to the increasing unrest in the country.

The exchange policy of the Government and the sale of Reverse Councils have added to our misfortunes and our international business credit is at stake. I, therefore, cannot recommend any additional or fresh taxation especially upon our necessities.

In particular, I strongly oppose increase in rates of letters and post-cards. On the contrary, I propose the introduction of *half rate local postage* which will be an additional source of revenue, as letters and newspapers which are at present sent by hand will in that case be sent through post.

Similarly, I oppose any import duty on textile machinery, stores and yarn. Fire-wood, food-grains and fodder should not be taxed further, and there should be no surcharge within 50 miles.

There are several articles of necessity which have been wrongly classed as luxuries, such as cotton umbrellas, cheap watches and bicycles.

I think railway plant, rolling stock, aeroplanes, ships, and tea-chests could have been taxed better than at 2½ per cent. Liquors are a luxury and should have been taxed as such.

Within the short time allotted to me, I can only make passing observations about various matters. The method of assessment of *Government Revenue* requires to be overhauled by legislation.

The *excise policy* of the Government to reduce consumption of intoxicants by heavy taxation has not worked well, as consumption has not decreased though income has increased. The Government should take effective steps to reduce such consumption.

Forests are no doubt beneficial to the country and productive of revenue, but the *forest policy* of the Government of acquiring and reserving private lands for afforestation purposes is not desirable, and the Government should encourage and help private people also in afforestation.

Education deserves special consideration. More money should be spent on brains and books than on buildings. Female education deserves particular attention. Technical education on commercial lines is a crying need of the country. I want to see the day when our *Swadeshi* aeroplanes, steamship and railway engines will be sold in European markets as the cheapest and best in the world.

Irrigation Department should not be made a means for earning profit as there are numerous indirect advantages thereby to the Government. It assures realisation of Government revenue in full and leaves room for enhancement. It improves agriculture and prevents famine. *Improvement of agriculture* is the primary duty of the Government. What has the Government done during the last 200 years of British rule in India, towards the improvement of agriculture ? What is the ratio of food-stuffs now with that prevailing 50 years back ? Has the productive power of the land increased or decreased? Bullocks and cows of good breed are scarce. For want of pure milk our vitality has become low, our life short, our constitution weak and small and we are a prey to epidemics and premature death. Our infantile mortality is probably the highest in the civilised world. Our Indian systems of medical treatment also deserves encouragement.

In conclusion, I submit, that our budget should be so framed as not to create further discontent in the country but bring peace, prosperity and happiness to the people of India and thus strengthen the bond of union between the British Government and the people on the basis of mutual good-will and respect.

Mr. N. C. Sircar: Sir, within the short time of 15 minutes it is impossible to deal with the Budget *in extenso*, nor was it possible for me to sufficiently study the voluminous accounts, which were placed in our hands for a short time, to be in a position to offer any practical suggestions. But from what cursory view I have been able to take, I find that the expenditure has been estimated at 129 crores and that the deficit is 19 crores. The principal item of expenditure is under the military heads, covering about 50 per cent. of the total expenditure, which, together with certain other items over which we have no control, we have been asked to vote for and sanction taxation to meet, and we are in the position described in the Bengalee adage which says: 'The bullock with a load of sugar on its back without the privilege of tasting it.'

We are now in the dawn of a Reform scheme, having for its object self-government, to achieve which Indians must be admitted to the Army in much larger numbers so as to effect a saving and avoid deficits in future years. In the meantime, an assurance from His Excellency the Commander-in-Chief that he will do his best to effect economy will meet the requirements of the case. Of course, by economy, I do not mean impairing efficiency. I quite see the embarrassment of the Finance Member in bringing about a solution, which is to make up the 19 crores and he suggests taxation to the extent of 19 crores. Before I deal with the taxation as detailed in the Honourable Mr. Hailey's speech, I should like to say a few words regarding the proposed grants on different heads. If India is to be made a self-contained country, more money should be allotted to Industries: likewise larger grants should be made to railways; better transport facilities means more money to the country and larger profits to the Government. As a coal man I know from personal experience that during the last twenty years we have never got wagon supplies to the full of our requirements. We have always to carry forward stocks from month to month—nay from year to year. Our out-put has to be curtailed for want of transport facilities. Just at present although we have heavy stocks of coal in the country, for want of transport facilities coal is being imported from England to serve certain railways, and in this connection I invite the Honourable Member for Commerce to correct me if I am wrong.

Education, Sanitation, and Medical Service should have a better claim on us and nonetheless Agriculture, as India is an agricultural country.

Now, to return to the deficit of 19 crores and the consequent proposed taxation, I find that it has been suggested to make it up as follows:

Increased Custom Duty	8 crores.
Railway Surcharge	5½ „
Postage stamp	2¼ „
Super-tax and income-tax	3¼ „
Total .	19 crores.

While I thank the Honourable Finance Member for his earnestness to save the people of small means from the effect of these increased taxes, I am afraid he has not been able to achieve his object to any appreciable extent.

An import duty is really beneficial to the country's industry in so far as the import of articles which are manufactured here is concerned. As a coal man I would welcome a prohibitive import duty on coal from foreign countries, and my friends from Bombay, the millowners will hail a duty on piece-goods. But it will fall very heavily upon consumers who are the men who actually pay for it, and thus import duty on the articles in general use by the poorer classes and middle-class men will be a great burden on them.

The surcharge on coal and coke, fire-wood, food-stuffs and piece-goods will likewise affect the poorer class and the middle-class, and coal will greatly affect other industries such as jute and cotton, etc., and it will indirectly affect the producers of coal. The railway freight on coal has just been increased very largely—from the 1st of April 1921, to the extent of Re. 1 to Rs. 3 according to distances, and this increase, together with the terminal charge of 2 annas per ton and surcharge at 6 pies per maund or 14 annas per ton, will mean a total increase of Rs. 2 to Rs. 4 a ton, according to distance, and this is an item not to be despised from a consumer's point of view. Postage stamp—the raising of the post-card price from one to two pice and the abolition of the half anna stamp are a great calamity. It will debar the poor and middle classes from carrying on their communications, and I should very much like the retention of the quarter anna card, and the two pice stamp even for a smaller weight, say 1 tola. Super-tax—this is already a tax in excess of the income-tax, that is, if I have understood it rightly, one will have to pay on the basis of income-tax for first Rs. 50,000 and then for every additional Rs. 50,000 on at a sliding increased rate ranging from 12 pies to 48 pies as suggested by the Finance Minister, and I have found from calculation that one whose income is Rs. 4,00,000 will have to pay about Rs. 60,000 and then Rs. 25,000 for every additional lakh.

Now, I come to Income-tax. To this was attached the excess profit duty just abolished and before one could recover from the effects of it, and the effect was by no means a light one, merchants, firms and companies had to pay away 50 per cent. of their profit over a certain standard, on which standard again the usual income-tax had to be paid, he is asked to pay income-tax at an increased rate and this is not desirable after the peace. This amounts to about 8 and ⅛ per cent. of our income.

I, however, do not object to the items of expenditure for which votes are wanted, as I do not know the details; I am rather for giving more to certain heads, such as, Railway development, etc., the reason of which I have already given. Expenses all round have been increased, and it is a matter of extreme regret that in our first session we should be made the scapegoat for voting for increased taxation. It seems to me that to avoid the unpleasant taxation it would be better to raise a loan of 20 crores at 6 per cent. returnable at the end of 20 years, providing a crore every year towards the principal, which together with the interest would be 2 crores a year, which will not be felt in the country as badly as the new taxations. I would suggest that in future the accounts be placed in the hands of the Members in good time so that they may have an opportunity to master them.

Sir, before I conclude I should like to say a few words pertaining to the thorny problem of exchange. I do not pretend to be an expert on the currency question, nor have I made a special study of the subject. But as a business man, I feel that I shall be doing an injustice to my brother merchants, who have been unjustly imputed of business dishonesty for their inability to honour the drafts at the present moment due to no fault of theirs. It has been suggested, nay, it has been definitely stated, that the Indian merchants, are trying to repudiate their contract obligations on flimsy grounds. This will, it is stated, impair the business morality of the country and shatter the business connection between the United Kingdom and India. I am sure the House will agree with me that the present crisis has been brought about by the unfortunate policy adopted by Government, and if the Indian merchants are to blame for their inability to retire the drafts at the present rate of exchange, the responsibility is not entirely theirs, but a substantial part of it has to be shared by Government. For, their announcement of the acceptance of the Currency Committee's recommendations was tantamount to an assurance from Government to stabilise exchange in the neighbourhood of 2 shillings. The merchants depending upon this assurance placed orders in the United Kingdom and other places for manufactured goods. They could never believe that the Government would back out of their obligation, on the contrary, they believed, and I think rightly too, that their contracts were, for all practical purposes, based on the exchange fixed by Government. As the House is aware, Government having wasted a good deal of its resources by the unfortunate sale of Reverse Councils at a fancy price of 2*s.* 10*d.* when such sale was altogether unwarranted, at the time of need, that is, when the balance of trade was against India and exchange was steadily falling, Government refused to sell Reverse Councils. The result is that the merchants are now on the verge of utter ruin. Having brought about the calamity on the poor merchants, it is, I venture to say, unfair on the part of Government to accuse them of business dishonesty. I understand it is beyond the power of Government to stabilise exchange at anything like 2*s.* to the rupee, it cannot give any assistance to the trade to pull it through. I therefore venture to suggest that in future the Government should not mislead the people, but let the natural causes of supply and demand adjust the balance of trade and adjust exchange. Otherwise, the entire blame will be theirs.

One word more and I have done. The scheme of international credits as enunciated in the Brussels Conference seems to me to be surrounded by insurmountable practical difficulties, and it is extremely doubtful that it will be realised at a near future. Let this not create any false hope in the minds of the merchants.

Mr. P. P. Ginwala: I rise to a point of order. Is there no other device than this one of jumping up and down by which Honourable Members may get an opportunity of offering their annual congratulations to the Honourable the Finance Member?

The Honourable the President: If the Honourable Member will devise one, I will consider it.

Rai Bahadur Pandit J. L. Bhargava: Sir, if the position of the Honourable the Finance Member with his pen, if not fingers on not only lakhs but crores, is not enviable, the fate of an elected Member of this Assembly is really no better than that of a partner to whom is assigned a very subordinate position in the management of the concern, though his liability is generally believed to be equivalent to that of those who have the management of essential matters in their own hands.

No Member placed in such a predicament is a partner in the full sense of the term and, even if he has got restricted scope of activity, the credit or the discredit of the whole cannot reasonably be laid at his door.

Without any design of minimising the importance of the Reforms, which do give some power to the people over the finances, I cannot help remarking that the hollowness of that power cannot be better illustrated than by the situation in which elected Members find themselves placed in relation to the present Budget. Ordinarily, Members cannot effectively touch certain items and though they might bemoan the excess of expenditure and make pious criticisms and complacent recommendations for retrenchment and economy, yet they are really powerless. If there is a prosperity Budget, the Members may put in a gala appearance before the public and insist upon appropriation of money for this or that useful purpose. But, in an adversity Budget, enshrouding the future with fresh taxation, one cannot but feel distracted especially when the situation which confronts him is practically beyond his control. Without an effective power to control expenditure it is an anomalous situation to be asked to provide for income.

It is really a pity that such a Budget, with no redeeming features except the perfect candour and admirable lucidity of its presentment, by the Honourable the Finance Member, should have crossed the path of this Assembly in the very first year of its life at tne age of one month only.

On the one side, there is the Argus-eyed outside world, as the Honourable the Finance Member has told us, watching our actions and sitting in judgment over us. There is the strong call of the Finance Member to urge us to act courageously, which is an euphemism for giving ready assent to the imposition of taxes proposed by him. On the other side, there is our own little world pulling us from behind, gauging our work by the amount of their own burdens lightened by the amount of money wrested for popularly believed useful purposes. To reinforce this side, there is the call of our own famine-stricken, poverty-ridden people, hard hit by high prices and commercial depression, for whose difficulties no present solution has been suggested even by our resourceful Finance Member.

Under these circumstances, Sir, courage, which we are asked by the Honourable Finance Member to show, must be diluted with discretion, and solicitude for the future, howsoever well-meaning, must be blended with proper regard for the present exigencies of the situation.

In ordinary times one would expect that in the Budget of an agricultural country like India the provision for financing Irrigation projects and Railway expansion would be assigned a place of prominence. But what do we find in the present Budget? An appalling rise in Military expenditure which represents almost one-half of the total expenditure. This abnormal increase in Military expenditure, as has been remarked by almost all the Members, is a matter which requires very serious consideration. I knew that the formulas of 'Responsibilities' and 'Maintenance of Law and Order' can be invoked to silence all criticism, yet it cannot be gainsaid that if the Military expenditure is to assume these proportions, all schemes for the moral and material welfare of India, involving financial help from the Government, must await their turn for an indefinite time. I would, therefore, press for retrenchment and economy in Military expenditure to as great an extent as is possible by adopting the methods pointed out by some of my Honourable Colleagues, one of them being the Indianising of the Military service as much as possible, and as soon as practicable.

As regards the proposed taxes, I would like to make a few observations. The accepted canons of taxation, and a proper appreciation of the present state of the public mind, would warrant that the Government should not resort to such expedients for taxation as directly touch the pockets of the poor and such as are calculated to lend colour to the idea that the Government is not very solicitous of the growth of industries in India.

The pice post-card and the half-anna envelope have been so much familiarised, and gone so deep into the affections of the people, that their abandonment will be felt as a severe wrench. The poor people will feel the burden directly in this form of taxation. The increase in the postal rates affecting newspapers, etc., is objectionable as being a tax on knowledge and literature.

Similarly, an increase of railway goods rates in respect of fodder, foodgrains and fire-wood is bound to affect the poorer classes also, and will evoke public indignation. An increase of rates in respect of such goods should not be made. The taking away of the so-called concession allowed by the existing tariff by which machinery and stores imported for use in a cotton spinning and weaving mill are admitted free of import duty, looks like a countervailing adjustment in favour of imports. The continuance of such concession is essential as their prices in the exporting countries have considerably increased.

The levy of 11 per cent. *ad valorem* duty, instead of 7½ per cent. on certain imports, including cotton manufactures, is the least exceptionable form of taxation, and the question of raising the percentage to 12½ as suggested by some Members of this Assembly is worth consideration.

The increase in the duty on liquors will be very welcome and appreciated by the country at large.

Though the increase in the rate of income-tax from high incomes does not affect the general public, yet it must be said that in the present state of commercial depression the increase is likely to be severely felt by firms and companies which will be affected thereby, but there is no help for it because, if money is to be found, it can be obtained from those only who can afford to pay it.

Before I close, I must also refer to the present dismal outlook of exchange and the state of overstocked imports with their prices unpaid. The fluctuations of the exchange rate have involved the commercial classes in utter ruin by placing them in circumstances over which they had no control. All calculations were defied and baffled by the caprice of the exchange rate and, without blaming anybody, I venture to say that it is the duty of all concerned, including the Government, to devise steps to come to the rescue of the commercial classes with a view to enable them to tide over the difficulty. International credit, as observed by the Honourable the Finance Member, is an asset of no negligible value, and mutual recriminations will not nullify the acerbity of the situation.

Further, Sir, the recurring effect of the exchange rates on public revenues is also one which cannot be ignored. No one can look with equanimity at several crores of the revenues of poor India being wiped off to merely meet the rates of exchange in respect of 'Home charges'. This is neither economy nor sound finance. I trust that the Committee which, I

understand, is to be appointed to thoroughly and exhaustively examine the whole question of India's fiscal policy, will fully investigate this matter also.

Before I resume my seat, Sir, I must once more make an earnest appeal for economy and retrenchment of expenditure, for every step in this direction is doubly blessed.

Mr. J. P. Cotelingam: I wish to make a few remarks and I assure you, Sir, that I will be very brief, taking into consideration the fact that there are so many Honourable Members who wish to speak on the Budget. I will not go for my political wisdom to Mr. Micawber who was referred to yesterday during the course of the debate, if he is the Honourable Mr. Micawber of whom we have an inimitable portraiture in Charles Dickens' 'David Copperfield'. He should be the last person whom I should take for my guide, friend or philosopher, for he was always on the verge of bankruptcy if he was not in a chronic state of insolvency. I would not take up the time of the House by going into the larger and more complicated questions of exchange or currency. My remarks will relate to a few prosaic things. To begin with, Sir, I will not go into the question of military expenditure for it is, for the present at any rate, sacrosanct. The House will agree with me that on the matter of defence we must be sure to secure efficiency, taking into consideration the times in which we are. I would not run the risk of taking the responsibility for lowering the efficiency of the army. To-day we have placed upon our table a memorandum on the growth of military expenditure and I have no doubt there is sufficient said in it to justify the large expenditure. Whatever that may be, Sir, I cannot disguise the fact that an expenditure of somewhere about 62 crores out of a net revenue of about 88 crores is abnormal. I hope the goal of retrenchment will be kept in view and that before long we shall have the satisfaction of seeing that our expenditure upon the army is considerably reduced. Going into the Budget provisions for increase during the year 1921-22, I find, Sir, that there have been increases provided for, justifying remark that has been made for some time past, that not only is our the general administration costly, but also top-heavy. I have not had the time to scrutinise the details given, but it will be enough if I should mention one item, *e. g.*, under the Home Department it is intended to appoint an Inspector of Office Procedure on a salary of Rs. 2,500 per mensem. Perhaps the Home Member will give us an explanation of or a justification for that appointment. Similarly, as has been already observed by Honourable Members in this House, there have been several additions made to the higher appointments; giving room for the complaint that our administration is growing increasingly costly.

Now, Sir, I would like to draw the attention of the House to the appeal made on behalf of the holders of the 3 per cent., the 3½ per cent. and the 4 per cent. stocks. Honourable Members will have quite fresh in their memories the arguments advanced by Mr. Rangachariar when he asked for an increase of interest to the holders of these stocks. Honourable Members will also remember the explanation given by the Honourable Member for Finance. I am not asking for an increased interest to be paid to the holders of these stocks, but I would like that some relief should be given or provided for. When the conversion of the 3 per cents. and the 3½ per cents. first of all into the 4 per cent. conversion loan and subsequently into the 5 per cent. loan took place, Government drove a hard bargain and a good many of the holders of the 3 per cent. and 3½ per cent. made large sacrifices in converting their scrip into the 4 per cent. scrip and the holders of the 4 per cent. finally into the 5 per cent. Government got a good sum of money out of the holders of these securities. What I would like to ask is that some provision be made for immediate relief and the country at large would be satisfied to some extent at any rate if these stocks will be made income-tax free, for the reason that the recent loans and war bonds are all made income-tax free, and I have no doubt that that would be some relief. The loss in the revenue will amount to about 20 lakhs, I think, and that will not be difficult for the Honourable the Finance Member to find, in order to give some satisfaction to the holders of these scrips.

My last remark, Sir, will be with reference to the new taxes which are proposed to be levied. I have no objection to the levy of a tax of 12 annas per gross on match boxes if that will result in the manufacture of matches in our country. I hope that will result in the development of local industries and enable the country to produce or manufacture the matches that we require.

I cannot close my remarks without making some reference to the proposal to increase the revenue on postage. Sir, this affects the poorer classes and the large majority of the people, and I must tell the Honourable the Finance Member that he could not have chosen a more inopportune moment nor devised a surer means of increasing the number of non-co-operators in the country. If I have made this piece of destructive criticism, I venture to suggest that any loss of revenue that might accrue by not imposing this heavy tax upon the country by raising the quarter-anna post-card to half an anna and the half-anna postage to one anna, can be made good if he will raise the import duties by 1½ per cent., that is to say, if instead of raising them from 7 to 11 per cent. he raises them to 12½ per cent. That will enable the Honourable the Finance Member to levy two annas in the rupee, and 1½ per cent. added to 11 per cent. will not increase the burden of import duties. I hope, Sir, that the Honourable the Finance Member will not press the Assembly to vote for the increase of postage revenue. If necessary, I think the charge for postage may remain as it is with a slight increase, namely, making it one anna for letters exceeding one tola and not exceeding 5 tolas and one anna for every additional 5 tolas. My request, therefore, will be that the

postage rates remain as they are, namely, the quarter-anna post-card, the half-anna postage and one anna for letters exceeding one tola but not exceeding 5 tolas with one anna more for every additional five tolas.

With these remarks, I beg to resume my seat.

Mr. E. L. Price: Sir, with the very brief space allowed me, and as a practical man having some small practical suggestions to make, I feel I must run like a hare. At the same time, Sir, first I would like to apologise to this House. I have been given to understand that my method of speech is too vehement, too downright. If it is so, Sir, it is a fault of temperament and not of intention, and I hope that the House will be generous towards a fault frankly confessed and a fault which I will endeavour to curb.

Sir, I have no animadversions to make on the exchange operations of last year. I do not believe in crying over spilt milk, but I put this point. If exchange remains at the current market rate of something under 1*s.* 3*d.* all through the new financial year ending the 31st March 1922, I believe the Finance Member himself would admit that the bottom would be knocked out of his Budget, and that the consequent loss of income from customs, income-tax and super-tax combined with the automatic increase of Home charges and payments by a further 33 per cent. would upset all his Budget calculations and leave the finances of the country in a really desperate condition. This being so, exchange is the crux of the question as far as the Budget is concerned. But, Sir, if Government think the matter of exchange is purely a Budget matter or if Government think the exchange question is mainly a Budget matter, then I suggest Government has underrated the commercial aspect of this most difficult question. The Finance Member in paragraph 5 of his speech has outlined the lamentable course of our trade balance down to September, since when, as he further admits, it has been continually against us.

I have got the figures here up to the end of January. Our exports from April to December 1920 were 202 crores, our imports 254 crores, the balance against us being 52½ crores. Taking the figures up to the end of January 1921, the latest available, our exports were 220 crores and imports 285½ crores, the balance against India being over 65 crores, so that it has gone 13 crores worse in the space of one month; and in the meanwhile it is well known to every Member of this House that during the same period exchange has fallen another three pence. Now, Sir, the unfortunate buyers and importers, whether they relied on what we may call the Government promise or whether they only relied on what was the policy of the Government—it really does not affect their position; their position is that they have to pay, instead of Rs. 8 or Rs. 10 to the £ they have to pay Rs. 16 and even more; and the result is positively devastating in every market and bazar in India. Two Members have already stated that fact this morning. It is just as bad in Delhi and Amritsar as at any of the chief ports. The Finance Member has said that ordinary commercial prudence should have led merchants to cover their exchange. But, I submit, Sir, that Members of this House with practical commercial experience will recognise the fact that the ordinary and particularly the smaller Indian import merchants and especially those doing Indian trade from up-country stations, never really had a chance of covering. This is rather a technical matter; time does not permit me to explain it here and now; but I assure Members if there is any one here who doubts my statement, I shall explain it when time and place permit. So, when the Finance Member condemns the dishonouring of contracts, as an honest man I support him. But I have also to represent to the Finance Member and to the House that the cases of attempts, even of corporate attempts, to dishonour contracts which he so rightly condemns, does not spring in the main from mere dishonest motives, but rather from the sheer inability of the concerned to meet these obligations in cash at Rs. 16 or more to the £. If I am wrong in this assertion, let the commercial community of India confute me. But if, on the other hand, I am right, it follows that an early improvement in exchange is a vital necessity, not only to Government for its Budget purposes, but also to the whole of commercial India. There is a two-fold reason, therefore, Sir, for adopting practical steps which must lead to the early improvement of exchange. As I understand the Finance Member, he does not regard any such practical steps as possible. He trusts the whirlgig of time to bring its revenges and to a good monsoon. I cannot, Sir, acquiesce in such a happy-go-lucky attitude in any countryman of mine entrusted with so great responsibilities. I appeal from the Finance Member to the Honourable Mr. Hailey himself, from the official to the man, to the man of such great natural talents, who has devoted the best years of his life to India; I appeal to him not to give in, but try again to restore contentment and confidence to India by a further effort to support our exchange. Sir, with all deference to the Finance Member and to the Government and to this House, I submit there are practical means of a perfectly natural and not of an artificial character, like the sale of Reverse Councils, to improve our position. In paragraph 5 of his Budget speech alluded to already, the Finance Member diagnosed our disease, *viz.*, imports greater than our exports, and he indicated really the remedy, greater exports, fewer imports; he does not, however, care to proceed to the application of the remedy which would decrease imports, stimulate exports and so restore the financial and economic health of the country. Exports are under Government control; let Government relax that control, release it and have done. What are they afraid of? They know that they have made huge profits out of rice, but they cannot make any more. Last October they were selling Indian wheat at over 130 shillings a quarter; its price now is about 70 shillings. What are they afraid of? Government itself dare not go on the way they did before, but they have invited the merchants to do it at their own risk; and the merchants—well—they are not doing much of it. The export firms in

Karachi, even with the exchange so low and freights at 20*s.*, are loath to pay the old Government rate of Rs. 49-2-6 or thereabouts a candy. So I put it candidly that the growers of rice, wheat and other controlled grains have in effect lost their market owing to Government interference, and there should be a natural anxiety on Government's part that this severe discouragement of agriculture both in India and in Burma should not go any further. In addition to the dull markets in Europe which make it so difficult to sell anything of India's products there, the railways can only carry a very small fraction of the trade that offers, owing to the coal shortage. There is nothing to be afraid of ; the trade will not develop in such a way as to put prices up enormously, but there may be enough to arrest this awful increase in the balance of trade against us. Now, Government have put these obstacles in the way of the export trade ; and I put it plainly to them—is it not time to take them off ? But even when that has been mentioned, this Government control of India's products, I have not done with the export factor entirely, as the Government should also and for the same reason remove the obstacles to export trade in the shape of export duties on tea, hides and skins. Members from Bengal, Assam and Madras know in how bad a state the tea trade is ; yet it is being taxed. On hides and skins the old Government of 1919 imposed an Empire preferential export duty so fantastic in conception, so detrimental in practice, that even British import merchants and tanners for whose supposed benefit it was instituted refuse to trade under it. I cannot go into details now, Sir ; I have them in my pocket or rather on the desk before me in print, supplied by the Chamber of Commerce of Karachi, and I shall be very glad to place them at the disposal of any Member who wants to examine the details of the subject. One point the Karachi Chamber of Commerce has not made which I wish to make. The Muhammadans of the Punjab were never very great traders, but they had a monopoly of the trade in hides and skins—it was the one trade the Hindus left to them. The greater injury to them that this one trade of theirs was so foolishly interfered with. If there is any Muhammadan Member here with commercial experience in Amritsar, Lahore or Multan, he can bear me out, and I hope he will. I further put it to the House that export duties are a badge of defeat and exhaustion. If not, why does Germany resist their imposition, their application to herself, why do the Allies insist thereon ? When we have won the war, why should we share even in a small measure in the disabilities and penalties of the defeated ?

Sir, though all these steps were taken to improve our export, they would not suffice alone, because the balance of trade is not a matter of mere volume, but of proportion between export and import. Stimulate export as you will, if you leave the door open to unlimited import you cannot rely upon restoring the proportion in your favour or even the equilibrium. On the import side, the Budget does take reasonable steps to restrict imports quite rightly ; and I am assured that Government has the support of the House in those proposals so far as they go. But those proposals fail in one important particular. They do not include any import duty or restriction on silver. The silver reports of Messrs. Samuel Montagu, which Reuter wires to us every week, says that India is buying. The very latest report says : 'there has been a short-lived rally in the price of silver, owing to the activity of the Indian bazars' ; and further on, 'there were some purchases for shipment to India.' Now, I cannot at all attempt to say what the extent of those purchases are. I have made inquiries to the best of my capacity ; my own opinion is that India at the present moment is buying this wretched silver at the rate of ¼ to ½ a million £ per week, and that her liabilities to pay for it at the present time amount to £5 millions, that is, Rs. 8 crores, at Rs. 16 to the £, and I have been assured by a number of responsible commercial men that these figures are about correct and that the whole fall in exchange since December is due to these fearful demands for remittances to pay for silver. Now, Sir, those assumptions I had yesterday, and I have taken a good deal of trouble to find out if there is any verification for them in the import figures ; and about an hour-and-a-half ago, I obtained absolute verification from Government records, and I have brought those records here, because the figures are so astounding that it is possible that people will think I have made a mistake.

To the end of December with a balance of 52¼ crores against us, the proportion of that import trade, *viz.*, the net imports on private account of silver from April to December, was only 35 lakhs of ounces, and in the month of December it was only 6 lakhs ounces. So the Assembly will notice that the average is only about 4 lakhs ounces. When we come to January we find that the balance of trade against us has risen to 65 crores and more, and we look out what part does silver play here. It is astounding that though the silver imports from 9 months were only 35 lakhs ounces and in December 6 lakhs ounces, when we come to January the net import of silver on private account rose to 24 lakhs ounces, or two-thirds of the total previous import for 9 months. Now, Sir, on that have I not made out a case to show that this colossal fall in exchange, which is shaking not only the Government finances but the whole commercial stability of the country, is due to cheap silver coming in in unlimited quantities? Sir, if these imports of 24 lakhs ounces a month continue, there is nothing that can save the commercial situation. Every great country is getting rid of its silver or has got rid of it except India and China. During the war, Sir, India received from America silver to the extent of some crores of rupees. I cannot remember what the prices were, but they were somewhere in the neighbourhood of 50*d.* or a dollar. What is that silver now worth? It is nominally worth 31*d.*, while you do not try to sell it, and if you try to sell it, it will go back to the pre-war value which was 22*d.* Silver is a discarded and discredited metal. So long as the import of silver into India is unrestricted, exchange can never rise, and if exchange does not rise the Budget cannot fulfil its promise, nor commercial

India its heavy obligations. I therefore boldly repeat my assertion that so long as the import of silver into India is unrestricted, exchange can never rise, and I implore Government to reconsider their attitude on this question.

I am aware, Sir, that I have only given the outline of the case. More was impossible in 15 minutes. But from this outline many private Members, and above all the Honourable the Finance Member, can easily grasp the whole of my scheme. I submit, Sir, I have suggested the all-round practical steps which the Honourable the Finance Member had looked for, but had not found, and in the very serious nature of our difficulties I ask for reconsideration of Government's decision to do nothing. And I warn Government that if they despise and reject without consideration my proposals, my words will yet have reached commercial India, and that there is not a market or bazar in the country but will hold Government responsible for the appalling financial disaster towards which we are drifting. The circumstances of the time are so threatening that all theories, especially those of the Babington-Smith Commission which have let us down in all matters of practical application, all those theories may be scrapped, and our attention fixed only on practical measures to extricate India from the web in which she is entangled. If Government can only be induced to realise the seriousness of our financial position, internal and external, I am sure that they will not refuse to consider my suggestions, even though the Budget programme has to be to this extent revised and delayed, and I am assured that any steps that Government will take in meeting the crisis will have the sympathy and support not only of the Members of this House but of the commercial and agricultural communities all over India.

Sir Godfrey Fell: Sir, I should like to take this opportunity of making a statement, on behalf of the Government of India, regarding the scale of our military expenditure, which has come in for a good deal of criticism in the course of this debate. I think that it would indeed be a matter for surprise, and perhaps for condemnation, if this Assembly had not shown a direct and practical interest in a matter which so closely affects the security, the prosperity and the finances of this country. I have frequently heard complaints that those who desire to study this subject have great difficulty in obtaining correct figures regarding military expenditure. Indeed, this difficulty has been clearly shown in the course of the debate, for even so careful and competent a critic of military affairs as my Honourable friend, Sir P. S. Sivaswamy Aiyer, was led yesterday into a serious mistake in attempting to compare the figures for 1913-1914 with those proposed for 1921-1922. Owing to not making allowance for the fact that the figures of Home expenditure for 1921-1922 are converted on a 2*s.* to the rupee basis, whereas those for 1913-1914 were on the basis of 1*s.* 4*d.* to the rupee, he assured the Assembly that the expenditure has grown from about £18 million to about £58 million, or by more than three times. The actual facts are that the expenditure, taken on the *same* basis of exchange, has risen in that period from 26·11 crores to 58·20 crores.

Then, again, I noticed, that Dr. Gour yesterday made a reference—a somewhat vague reference—to the fact that our military expenditure before the war was 'about ten to fifteen million pounds a year.' Well, that is rather a wild way of stating figures—ten to fifteen million pounds a year. However, I sympathise with his difficulty. Probably he is not aware, that in the ten years immediately preceding the war, the military expenditure varied between a minimum of £19·1 million and a maximum of £20·1 million. It is because of these difficulties that I have prepared the memorandum, a copy of which will be found on the benches of Members to-day. In this memorandum I have attempted to compare, under clearly defined heads, the military expenditure in 1913-1914 with that proposed for 1921-1922. The reason why I selected 1913-1914 is that that was the last complete financial year before the outbreak of the great war. It is perfectly valueless, for our purposes, to attempt to examine our scale of expenditure during the years of the great war. I hope that all Members of this Assembly who are interested in this question will study this memorandum, and I take this opportunity of saying, that if there are any points about which any Member of this Assembly desires further information, I shall be glad to give it.

Now, Sir, the salient fact which emerges from this memorandum is, that whereas the military expenditure before the war was somewhere about 19 or 20 millions a year, it is proposed to make provision in next year's Budget for 62·20 crores. Of this, however, only 58·20 crores of rupees represents normal expenditure; the balance of 4 crores is on account of the temporary occupation of Waziristan and of provision for certain measures relating to demobilisation. I propose this morning not to deal with detailed figures, because I think that the Members of the Assembly will find it easier to study them from the memorandum. I will confine myself, with the Assembly's permission, only to the broad issues of the question.

The first point I should like to make . . . .

Sir P. S. Sivaswamy Aiyer: On page 1, line 7, it is said that the rate of conversion is Rs. 10 to the pound. Is that correct?

Sir Godfrey Fell: In this memorandum? Yes.

Sir P. S. Sivaswamy Aiyer: Rs. 10 to the pound or Rs. 15?

Sir Godfrey Fell: Rs. 10 to the pound, both for 1913-1914 and for 1921-1922.

Mr. E. L. Price: Sir, on a point of order—the Budget gives Rs. 12 to the pound.

Sir Godfrey Fell: The Honourable Member yesterday took the 1*s.* 4*d.* rate for 1913-1914 and the 2*s.* rate for 1921-1922. Now, the first point that I should like to make is this. The first duty of any civilised Government is national defence. No Government can afford to neglect that duty. If it does, it will be accused, and rightly accused, of jeopardising the vital interests of its people. National defence depends upon the existence of an army, an efficient and contented army, sufficient to meet the obligations which it is called upon to perform. Now, those obligations vary from country to country and from time to time. In India we are singularly unfortunately situated from a geographical point of view. We have a very long land frontier, and some 500 miles of that frontier, on the north-west, is inhabited by turbulent and predatory tribes, to whom the rich districts of British India afford a constant and irresistible temptation. I need hardly remind this Assembly that behind them again there are other potential dangers, against which it is the duty of Government to protect the people. In the next place, Government is bound to maintain, scattered throughout the country, a certain number of troops for the maintenance of internal peace and security. If any Honourable Member in this Assembly doubts the necessity for these troops I would ask him to read the telegrams, from the neighbourhood of Lahore, which appeared in this morning's papers. Now, the strength of the force required to carry out these dual purposes, namely, the protection of India against external aggression and the maintenance of internal peace and security, is a matter in which the Government of India must be guided, to a very large extent, by the advice of its responsible military advisers. It is quite impossible for Government to adopt the simple expedient, which I have heard suggested and which indeed, I think, formed the subject-matter of a Resolution which was down on the agenda paper for last Saturday, namely, of fixing the strength of the army according to a fixed percentage of the revenue. I think, that from what I have said and from what I am going to say to the Assembly, the impossibility of this must be patent to everyone here; and it is not necessary for me further to dilate upon this point. Now, the question of the strength of the armed forces required for the protection of India has been the subject of the most careful examination since the war, first of all, by the late Commander-in-Chief, and, since his arrival in India, by His Excellency the present Commander-in-Chief. I should like to take this opportunity of mentioning that I heard, in the course of the debate yesterday, a great many expressions of heartfelt sympathy with the Honourable the Finance Member for the great difficulty he had experienced in resisting the insatiable demands of his Colleague, the Commander-in-Chief. I had hoped to hear some expression of sympathy with His Excellency the Commander-in-Chief in his difficulties in obtaining the funds he wants from the Government of India. I would remind you that His Excellency the Commander-in-Chief, who is one of the foremost soldiers in the Empire, came out to this country in December last, to find that the strength of the armed forces required for the protection of India had quite recently been fixed by the Government of India. He was so much impressed, however, with the financial difficulties under which the Government of India were labouring, that he made a very great effort to reduce that strength still further, and he has succeeded in doing so. That is to say, he has assented to a strength of troops in India very considerably lower than the minimum which his predecessor had considered safe. I would also remind the Assembly that His Excellency the Commander-in-Chief is in no way responsible for the very unfortunate financial predicament in which the Government of India find themselves at the present time. He has come out here, only to be met by demands for sweeping retrenchments, which he has done his best to meet. Well, the Commander-*in*-Chief having examined the question, the Government of India then proceeded to examine it themselves, and have come to the conclusion that it would be dangerous, at the present time, to rely for the security of India upon an army smaller than that for which provision has been made in the Budget for 1921-1922. At the same time, as the Honourable the Finance Member assured the Assembly in his speech the other day, it is the intention of His Majesty's Government, who share with the Government of India the responsibility for the security of India, to have this question examined by a sub-committee of the Committee of Imperial Defence, and before that is done the question will again be reviewed by a sub-committee of the Executive Council, who will have the power to examine unofficial witnesses. I think that I have said enough to prove to the Assembly that the Government of India have done and are doing all in their power to keep military expenditure down to the minimum possible. If they have not been able to reduce it further in 1921-1922 I can assure Honourable Members, that it is not for want of trying. I would also like to remind the Assembly that the present is not an opportune time for India to be weak in a military sense. Wherever we look round the world we find wars and rumours of war. The Middle East, the condition of which cannot fail to react on India, is in a state of turmoil. I see no signs at present of its settling down. I may also remind the Assembly of another insidious menace to the safety of India, and of every other civilised country—the menace which has arisen from the disruption of the Russian Empire and the establishment of Bolshevik rule.

I turn now to another question. Given that an army of this strength is necessary, is that army too costly? Well, I think that that question can best be answered by a study of the memorandum. The main causes which have led to the very serious increase in expenditure since 1913-1914 are briefly as follows: In the first place, the pay of personnel has been increased. The pay of the officers and men of the British service has been increased, in conformity with what has been done by His Majesty's Government. We have to pay the rates which they have fixed. The Government of India have enhanced the rates of pay of the British officers of the Indian Army, of the Indian officers and other ranks, and of

the followers. Does anyone in this Assembly maintain that any of these classes are overpaid to-day? I think that he would be a bold man who would say so. It must be remembered that the *morale* of an army depends very largely upon its contentment, and a discontente. army is a serious danger.

The next main cause which has led to increased expenditure relates to accommodation. The war has led to a very general demand for greater comfort and more amenities of life. If any one in this Assembly doubts the necessity for further expenditure on accommodation, I would ask him to take an early opportunity of paying a visit to a pre-war British barrack of the old type, or one of the old type of British family quarters; or, better still, one of the unreconstructed sets of lines of Indian troops. Or he might visit one of the pre-war hospitals for Indian troops, which has not yet been reconstructed. I think that he will admit that public opinion would force the Government of India to improve this accommodation, even if they were not themselves wholeheartedly disposed towards this measure. The necessity for improved accommodation is of course reflected in the larger expenditure on military works, on the provision of electric lights and fans, better water supply and so forth. The next item is one which I need only just mention, and that is the great rise in the cost of food-stuffs, clothing, engineering stores and ordnance stores and of the thousand and one other articles which are required for the maintenance of the army. The next item is the necessity for improving the training of the army. I will not dilate upon this point, because the matter is fully explained in the memorandum which Honourable Members have before them. The next matter is the necessity for providing administrative staffs. We cannot afford to go back to the system, which prevailed to a large extent before the war, under which we had to rely, on mobilisation, on improvised staffs to accompany the troops in the field. The Government of India hold strongly that they owe it to their soldiers, when fighting for their country and the Empire, to give them all the advantages which scientific leading and good staff-work can afford. It would be inhuman and criminal to deny them these advantages.

The last main cause of increased expenditure is the evolution of new types of weapons, which has been the result of the war. Instances of these are tanks, armoured cars and aeroplanes. Here, again, the Government of India hold that they owe it to their soldiers to give them the advantages that these new appliances afford.

I have attempted to indicate very briefly the reasons why military expenditure has gone up so much. I was interested, in listening to the debate yesterday, to hear various proposals for reducing military expenditure. Some of those proposals merit, and will receive, the most serious consideration at the hands of the Government of India. There was one suggestion, however, which I think deserves rather more than a passing mention. In the very first speech which was delivered at the opening of this debate yesterday, my Honourable friend, Mr. Majumdar, said—I have got down his exact words—he said: 'Get rid of your army, and save India!' This is a very simple solution of the problem. If it had not been for the fact that my Honourable friend prefaced his remarks to this Assembly by begging it to take him seriously I should have thought it merely one of those sallies of humour to which he is accustomed to treat us, when not engaged on the apparently congenial task of castigating younger Members of this Assembly with whose views he does not happen to agree.

I said a little earlier in my speech that it is impossible to fix the amount of military expenditure merely by a percentage of revenues, but I do not wish to pretend that percentages do not afford a useful guide to the solution of these difficult problems. I have here a chart, showing the percentage of net military expenditure from the year 1884-1885 to 1912-1913—the net percentage of military expenditure to total expenditure, Imperial and Provincial. Now, Sir, I have noticed once or twice that Honourable Members, in dealing with this subject, have spoken of the percentage of our military expenditure to our Central Revenues. That surely, is a most unfair method of comparison, because in this country, as the Assembly is well aware, many heads of expenditure which would, ordinarily, in any other country be debited to the Central Government are distributed over the provinces; and, therefore, in order to ascertain the proportion of our military expenditure to our national expenditure, we must take the Imperial and the Provincial expenditure together. I think that the Assembly may be interested to hear something about the percentage of military expenditure during the years I have referred to. In 1884-85 the percentage was slightly over 52. It fell slightly next year, but rose again the following year to nearly 55 per cent. It then fell rapidly, but did not actually fall below 50 per cent. during 1893-94. In 1894-1895 it touched a figure slightly over 46 per cent. It then rose again, and by 1896-1897 it was over 50 per cent, and never fell below that till 1903-1904 and then only by a fraction. In 1904-1905 it rose to over 53 per cent. Then there came a steady and gradual fall to 43 per cent, which was attained in 1912-1913, the year before the war broke out; and I may observe that at the outbreak of the great war the Indian Army was not completely equipped for war. These figures have been adjusted by deducting the outlay on war or other similar operations. In the 29 years to which I am referring, the percentage of net military expenditure to net total expenditure varied between over 54 per cent and 43 per cent, and during the greater part of that time it was not below 50 per cent. Honourable Members will remember that in reply to a question in the Assembly the other day the Honourable the Finance Member stated that the corresponding figure for the current year was 33½ per cent. I have not yet been able to work out the precise figure of percentage for 1921-1922 because the Budget has not yet been passed. But, I am assured by a very high authority on the subject, that the figure for next year will be 32·3 per

cent. I hope that the Assembly will appreciate the fact, that while for 30 years before the war it was between 43 and 54 per cent, next year it will be about 32·3 per cent. I do not wish, of course, to argue that military expenditure should rise *pari passu* with other expenditure. Military expenditure is a form of insurance. In private life, a man may decide to insure his property for rather less than its full value; that is to say, he may be willing to take a certain amount of risk himself. In matters of national defence, you must pay the full premium. An army which is not capable of carrying out its obligations is worse than useless, it is a mere extravagance. An army must be able to defeat the enemy, if it is worth maintaining at all.

Now, there is one other point I should like to mention in this connection, and that is this. There is an Island Empire in the Far East, an Empire bound to our Empire by ties of friendship and of alliance. In 1914, the expenditure of that Empire on defence was 120 million yen. In 1920, its expenditure on defence was 344 million yen, which is over £49 millions of our money and 53·4 per cent of the total Budget for the year. The populations of that country is 77 millions. The population of India is 350 millions. In the past six years its expenditure on defence has risen by more than 200 per cent. whereas ours has risen by about 100 per cent.

I have a feeling—I hope I may be mistaken—that there may be some in this Assembly who regard our proposals for military expenditure with hostility because military expenditure is excluded from the direct vote of this Assembly. Speaking not on behalf of Government in any way, but speaking solely for myself—I think I was described to-day as a 'semi-military apologist'—as one on whom has fallen the task, or part of the task, of explaining military expenditure to this Assembly,—I can only say that I wish from the bottom of my heart that this Assembly had the direct power of voting or refusing to vote the money required for national defence. That responsibility, at present, rests upon the Government of India. It is a responsibility which they dare not shirk. I feel certain that, if it were shared by this Assembly, it would realise that it is its first duty to make adequate provision for national defence. It would then find itself in the position in which the Government of India find themselves to-day, and that is this, that though there is very much to regret about this high scale of military expenditure, there is nothing to be ashamed of, and nothing to apologise for.

One word more, Sir, and I have done. I think I need hardly assure this Assembly that the Government of India are quite as anxious as any Honourable Member of this Assembly can be to reduce the military expenditure. They have explored every avenue which might lead to that result. They have not relaxed, and they will never relax, their efforts in this direction. But the time has not yet come when we can beat our swords into plough shares. When that golden age does dawn, if it ever dawns, it will be possible to make great reductions in military expenditure, and to devote the money thus saved to reductions in taxation or to the furtherance of beneficent projects for the good of the people. But until that day does dawn, it would be sheer folly, it would be criminal madness, to refuse to make adequate provision for the defence of this country.

His Excellency the Commander-in-Chief: During the course of this debate, almost all Honourable Members who have addressed the House have laid stress upon the size of the Military Budget, and have referred to the increase of our military expenditure in 1920-21 as compared with that previous to the war. Most of the points raised by Honourable Members have already been dealt with by Sir Godfrey Fell in the speech that you have just listened to, but, in view of the challenge that has been made to me personally from various quarters of the House, I desire to refer to the most important points *seriatim*.

Your Commander-in-Chief has been subjected to a deluge of missiles from all directions many of which have missed the mark, but to some of which it is only right that I should make a direct reply. I am not unaccustomed to be the target of missiles, more lethal perhaps than those that have been launched at me on this occasion, and I therefore approach the subject not as a stranger under fire for the first time, but it has been my habit to reply to such attacks with weapons more directly effective on the person of my opponents, and I am better practised in the use of such weapons than in a wordy warfare across the floor of the House. But let me proceed. Mr. Dwarkadas considered, that in view of the up-to-date appliances and weapons that have been introduced into the Army, it should be possible to materially reduce the numbers of fighting troops. I would point out that India is far behind hand in the up-to-date appliances to which he refers, and that I have had reluctantly to reduce the scale of equipment which has been demanded on this head from England, in order to curtail the Budget expenditure. I would also like to point out, that compared with pre-war strengths, the British troops of the fighting units in this country have been reduced by some 6,000 men and the Indian troops by 7,500. These reductions received most careful consideration in gauging the strength of our post-war army, and, although certain additions may be observable in the Administrative Services, these were necessary, as Sir Godfrey Fell pointed out, in order to ensure the efficient and up-to-date working of the military machine as a whole.

Mr. Rangachariar enquired whether the final decision as to the strength of the post-war Army had been arrived at, and further stated that he would like the question to be examined by a committee with the help of non-officials. As Sir Godfrey Fell has told us, this is exactly what is going to take place. A sub-committee of the Executive Council will, I believe, be appointed on the lines suggested by him to examine the strength of the post-war army, and to call on unofficial witnesses for their advice and opinions.

In company with other Honourable Members, he refers to the necessity of making the normal strength of the Army correspond to the financial resources of the country, and, in

normal circumstances, this is undoubtedly a legitimate demand, but can conditions at the present time be viewed as *normal*, when the internal situation is far from satisfactory, and when our Mission to Afghanistan has not concluded its negotiations with the Amir?

Sir Sivaswamy Aiyer comments on the increase of 700 British officers, as compared with those employed in 1913-14. I would point out, that as regards the officers with fighting units, there is a reduction of 430 British officers. The increase in the total number is due to increases in Commands and Administrative Staffs, and particularly in medical officers, the reasons for which are supplied in a memorandum which, I think, was issued this morning to Honourable Members. They are principally due to our present obligation of feeding and clothing the troops of the Indian Army, of supplying them with more adequate medical attendance, and with the addition of new services, such as the Royal Air Force and Mechanical Transport, which two services alone account for an increase of nearly 400 officers. The Honourable Member compared the expenditure of India on military matters with that which is incurred in the self-governing dominions. I might point out that it is unfair to take such a parallel, because the circumstances are wholly different. Neither in Canada, nor in South Africa, nor in Australia have they a collection of turbulent and fanatical tribes on their frontier, who could put into the field at any time as many as 150,000 well-armed men, nor is there any parallel in these dominions to an independent militant power like Afghanistan, connected by blood and by religion with the tribesmen of the North-West Frontier. These are dangers which do not enter into the calculations of any of the self-governing dominions, but they are one of the most important factors in fixing the strength of the Army in India.

The Honourable Member made three proposals for the reduction of our military expenditure. The first was the creation of a Territorial Army, and I am quite prepared to admit, that when the Territorial Army reaches the standard of efficiency which, I hope, it may before many years are past, I should be ready to contemplate a proportionate reduction in those troops which have already been allotted to internal security, but, at the present moment, the Territorial Force is in its infancy, and, though I am prepared to give it every possible encouragement, I am doubtful whether for some years to come it will reach the degree of efficiency which would justify us in looking on it as of potential military value. Secondly, by Indianising the Army. I am not quite sure what he exactly meant by this, but I take it he referred to the reduction of the number of British troops and the increase of the number of Indian troops. If this is his point, I am prepared to admit, that when conditions in India become normal, I should not object to the revision of this proportion. He may have intended to refer to the replacement of a certain number of British officers by Indian officers, and, though I am desirous of giving every facility for young Indian cadets to be trained and to win the King's commission, I would point out that this shows no economy, for the Indian officer with a King's commission costs practically the same as the British officer of similar standing. Thirdly, he proposed asking the Home Government to contribute to the Indian Army on the understanding that this Army was maintained partly for Imperial purposes. To this suggestion I must strongly demur.

The Indian Army is maintained for the protection of the frontiers of India and to ensure internal peace. It is not maintained for Imperial purposes, and every Indian soldier that has served abroad in any country during the Great War has been paid for by the Imperial Government. Furthermore, in view of the fact that the shores of India during the Great War were immune from hostile attack, and of the benefits that thus accrued to India as a direct result of the British Navy, and in view further, that the contribution which India pays towards the British Navy has never exceeded the annual sum of £100,000, any demand by India for an Imperial contribution to the Army would, in my opinion, be quite unjustifiable.

Turning now to Dr. Gour, who spoke of the League of Nations and the benefits that might perhaps accrue to India as a result of this League, I would point out to him, that not only do the frontier tribes not belong to the League of Nations at present, but that it is very improbable that they ever will, and that no distant authority such as the League would have the slightest influence on tribes like the Waziris and the Afridis. He doubted, also, whether the idea of keeping the Bolsheviks out of India had ever entered into the calculations of the Military Authorities. I may tell him that in this respect he is entirely misinformed. It has been my duty in past years to conduct operations in Russia against the Bolsheviks, and I am, therefore, not unacquainted with their cruel methods, and their barbarous customs. After what has recently taken place in Bokhara and Turkestan, and in view of the fact that at the present time they have a mission at Kabul, the danger of the Bolshevik menace has loomed large, and is to-day one of the chief influences which lead me to urge the maintenance of a strong and efficient Army in India. For I can imagine no more appalling catastrophy to the teeming millions of this country than that Bolshevism should enter within the frontiers of India, and nothing will induce me to risk so terrible a danger.

The Honourable Member further insinuated that our 'extravagant military proposals' were merely for the 'post-war peaceful defence of our frontiers'. If he could assure me that those frontiers would be peaceful, I agree that large reductions might be made in our military expenditure, but they have never been peaceful in the past, they are not peaceful to-day, and I see no reason to believe that they are going to be any more peaceful in the future. The history of the North-West Frontier for the last forty years has been one continued series of expeditions, and, unless we can induce the North-West Frontier tribes to migrate wholesale to some other continent than Asia, I see little prospect of a peaceful North-West Frontier except on the basis of a close and friendly agreement with the Amir of Afghanistan.

The Honourable Member suggested further that the British garrison of India might be replaced by Indian soldiers. I may tell him that the experience of the recent war has proved beyond all doubt that Indian troops are a more efficient fighting force when brigaded with British soldiers, and that to eliminate British troops is materially to reduce the fighting value of the whole, and this will, I think, be borne out not only by the British officers who have been brigaded with Indian troops but also by the Indian troops themselves, and my experience tells me that, to eliminate the stiffening of British troops, would largely reduce the fighting efficiency of the Army in India to-day. Moreover, British troops are essential for internal security, particularly when the military are called on to intervene in riots of a religious nature.

Munshi Iswar Saran began his speech by asking whether India existed wholly for the Army. My answer is, certainly not. But I would point out that the Army does exist wholly for India. He went on to say that the short service of British troops in this country was disadvantageous to India and advantageous to England. This is certainly not correct. The short service, by which I suppose he means the six or seven years' service which British soldiers do in this country, is by no means advantageous to England. In former years we had a long service Army for India, when British soldiers served in India for 21 years, but it was found that this long service Army deteriorated by long residence in hot climates, and the short service Army was introduced, thereby largely increasing the efficiency of the British Army in India and benefiting India rather than England.

The Honourable Member further pressed for more commissions being given to Indians. I am most anxious to help Indians to win commissions in every possible way. The whole question is one of education, and I am in hopes that, at no distant date, it will be possible to provide educational facilities not only for the Civil Service in India, but also for the sons of those Indian officers who have served so well and so gallantly during the late war, but who cannot afford to educate their sons up to the required standard. We are willing to give every facility for Indians to obtain commissions provided that they fulfil the necessary requirements and rise to the proper educational standard. I am taking steps, as soon as funds can be provided, for the establishment of schools which will enable the proper class of young Indian gentlemen to compete in the examination for Sandhurst.

The Honourable Member considered that the combatant forces were in excess of India's needs, and that that is why so many troops were sent to Mesopotamia. Such a deduction is not justified. The Budget under consideration provides solely for India's own defence, and contains no provision whatever for Indian troops serving overseas. The whole of the troops who have been employed, and are being employed, in Persia, Mesopotamia, Palestine, Egypt, and the Black Sea, are paid for out of imperial funds, and no charge whatever is made for this against the Indian Exchequer.

The Honourable Member insinuated in a rather direct manner that we, soldiers, wanted as much money as we could get. In this respect again his accusation is baseless. What I want is an efficient Army, capable of assuring the adequate defence of the Indian frontiers and of maintaining law and order within her borders. Any less force than that for which we have budgetted would, in my opinion, be inadequate to secure our safety, and, as on my shoulders rests the responsibility of making this decision, I must claim that it is founded on stronger grounds than the irresponsible criticism of the Honourable Member.

Dr. Gidney asked for some guarantee that future military expenditure would be curtailed. I am unable to give him this guarantee, unless he will assure me that the North-West Frontier problem will not break out again and force on us further warlike operations. If our agreement with Afghanistan is satisfactory, if the Treaty of Sevres is revised on lines satisfactory to us and to the Turks, if the Bolshevik menace disappears, if the internal situation in India quiets down, and if non-co-operation agitators cease to lead astray the ignorant and gullible masses, then I shall not only be prepared for, but will welcome reductions in our military strength and expenditure. But until these things happen, I should not be doing my duty to India, as its Commander-in-Chief, if I did not stand firm and express my definite and considered opinion. I have some experience in these matters, and I tell this House quite frankly that the further reduction of the Army at the present time below what is provided for in the Budget is to run grave and serious risk.

I speak to you as one who has had far more experience of the horrors, the miseries and the tragedies of war than any Member of this House. No one with these unforgettable recollections present in his mind would run risks of their repetition here in India.

I was closely associated with the late Field-Marshal Lord Roberts in England during the five or six years previous to the war, when he did all that man could do to warn the Nation and the Empire of the danger that was threatening them from Germany. The Government, the Politician, and the Nation as a whole, turned to him a deaf-ear. They regarded his warnings as the vapourings of a most gallant and respected, but unduly anxious, Field-Marshal. And what was the result? After the greatest struggle that the world has ever known, when, and on more than one occasion, we were within a very little of being defeated, England, notwithstanding that she won the war, is to-day struggling under a huge debt of 8,000 millions sterling. More than a million of her bravest have given their lives for their country, whilst three million more became casualties. With this appalling example before us, is it possible that on their first assumption of the responsibilities of government, the House would refuse to provide the necessary insurance against the disasters which an unsuccessful war would bring upon us here in India? I do not believe it. The only real insurance against

war is to be prepared for war. I am here to see that those preparations are adequate, and I should be failing in my duty towards India and towards you, gentlemen, in this House, if I agreed to incurring risks which I consider unjustified. The forces provided for in the present budget are the lowest which, in my opinion, will give to India that reasonable degree of security which the Government are bound in honour to provide, in order to protect the struggling millions of her teeming population.

Sir Jamsetjee Jeejeebhoy : Mr. President, after the eloquent speeches of the Honourable Members I feel I would not be justified in taking up the time of this House if I were to go over the same ground. I will therefore content myself by making only a passing reference to the two main subjects which formed the topic of discussion, namely, the Exchange policy and the Army expenditure. I may be permitted to associate myself with the previous speakers in thinking that the Exchange muddle was the result of a policy dictated from Whitehall, and, therefore, I for one will not lay the entire blame on the Honourable the Finance Member. May I urge upon the Government the necessity of curtailing the heavy military expenditure which the country can scarcely bear. After hearing His Excellency the Commander-in-Chief and the Honourable the Army Secretary, I am convinced that they also along with this Honourable House realize the absolute necessity for the retrenchment of military expenditure. I will venture to express the hope that they will earn the best thanks of the House if they rigidly adhere to the policy of economy.

The Government propose to impose an increased surcharge on firewood, food-grains and fodder. In these days when scarcity and high prices prevail, I submit that the imposition of a levy of this nature will add greatly to the difficulty which the poor experience in eking out a miserable existence.

Government seek to increase their revenue by raising to ½ an anna the postage on the quarter anna post-card. This is another item which I trust the Government will see its way to omit from their programme of taxation, as I believe that the ¼ anna post-card is the only means of communication among the poor of this country.

My Honourable friend, Mr. Rahimtoola Currimbhoy, in his able and eloquent speech claimed exemption from duty for all articles such as stores, and sizing materials necessary for the manufacture of cotton goods. My own idea is that as these articles were allowed to be imported free up to now, owing to the Excise duty on the Indian mills, I think Government ought in common fairness to keep this exemption in force.

Realising to the fullest extent, Sir, the difficulties which face Government in a lean year like the present, I feel I would be failing in my duty if I did not at the same time point out to Government some other source of revenue. The principle of taxing luxuries to the extent of 20 per cent. may well be extended to diamonds, works of art, jewellery and jewels.

Another suggestion and one to which I attach great importance is the levy of a 11 per cent. duty on all yarn imported into India. I fail to see the reason why cotton twist and yarn should be left on the free-list when all piece-goods will be charged 11 per cent. Such a course, if adopted, will not only bring in a handsome revenue to our exchequer, but will also tend to stop the dumping of Japanese and other yarns into this country, and thus encourage the indigenous industry.

I now come, Sir, to another important item which has been dealt with by the Honourable the Finance Member; I mean the loan programme. The Honourable Member has informed us that he proposes to raise 15 crores in India and hopes to raise only £5 million in England. He is not quite sure but hopes the Secretary of State will be able to effect something, but there are practical difficulties in the way of our raising a substantial loan in England to-day. If he rightly represents our position in the London money market, if we are really unable to raise more than a mere 5 million pounds in that market to-day, then it is a sad, a very sad, commentary on the way our finances have been handled in England. I am not prepared to believe that the money market in England is in so bad a condition as to make it impossible for us to raise the loan there. A perusal of the newspapers shows us that various companies with very large capital have been recently successfully floated. Only the other day I read of a Steamship Company having been successfully floated with a capital of £4 millions. We have many millions of our funds in the Secretary of State's balances and elsewhere that we lend out to this same London money market at very low rates of interest from year to year and yet when the pinch comes and we want some money ourselves our bankers fail us; as if our English bankers were there only to fatten on our deposits and not to help us in times of need. This, Sir, is unfair and I do not see any reason why we should not raise more money in England. It will very likely give an impetus to our exports and will restore the balance of trade in our favour. If the Indian Government who itself lends to the London bankers from £10 to 12 millions at low rates throughout the year cannot borrow even £20 millions, it is only one more proof of how they want all the benefits of our finance and refuse to render any service in return.

Before I conclude, Sir, I beg to associate myself whole-heartedly in the tribute paid to the Honourable the Finance Member for the skill and ability which he has brought to bear upon a difficult and unpleasant task.

Babu K. C. Neogy: Sir, His Excellency the Commander-in-Chief has just suggested that the non-co-operation movement is a factor that partially determines the military

strength of India to-day. But I have a shrewd suspicion that the Honourable Mr. Hailey and his Colleagues are in secret sympathy with the non-co-operation movement. For no propaganda that Mr. Gandhi has so far set on foot has given greater fillip to this movement than the present Budget will probably do. Reference has been made by several Honourable Members to the military extravagance, multiplication of civil expenditure in utter disregard of our financial position, and the wild speculation in our sterling resources,—all of which have combined with the abnormal war conditions to bring us perilously near bankruptcy at the very start of the reformed constitution. And now the Honourable the Finance Member invites us to share with Government the aftermath of an epoch of administrative prodigality.

The Finance Member feels very sorry for us in so far as we will be faced with unpopularity in the country for being party to the dismal financial proposals. But he can set his mind at rest in this matter. For, while we have a very clear idea about the practical limitations upon our so-called Budget powers, our constituencies have, fortunately for us only a too exaggerated idea of our helplessness. It should never be forgotten that of the total budgeted expenditure charged to revenue, which stands at a little less than 129 crores, no more than a little over 24½ crores or about 19 per cent. is submitted to our vote and about 81 per cent. is not votable at all. If you exclude the Defence, Ecclesiastical and Political heads—the whole of which is beyond the scope of our discussion—the expenditure stands at about 62⅕ crores of which 39·47 per cent. is votable and 60·53 per cent. not votable. But when we come to examine the votable items a little carefully, we find that they do not afford much scope for an effective curtailment and saving. We cannot, for instance, touch the *Burra Sahibs*—however superfluous they may be—but we can abolish his assistants and peons or reduce his supply of stationery. In one case which has attracted my notice, either the Finance Department or the Printer's Devil has generously placed a European officer in the non-votable list, though he cannot under the terms of his appointment be so classed. I mean the Inspector of Office Procedure—whose appointment represents the reckless policy of creating fat berths and distributing patronage on a liberal scale. I wonder how this item could have escaped our long-sighted friend, Mr. O'Donnell. Our so-called power over the Budget is, therefore, such as affords us some opportunity for practising obstructionist tactics without enabling us to effect any remarkable retrenchment. If we adopt such tactics, and succeed in reducing the grants substantially, the extraordinary power vested in the Governor General in Council will be brought into play. We can similarly obstruct the fiscal bill. But all this cannot but lead to a deadlock and bitterness between the Executive and the Legislature.

Sir, what then are the alternatives before us? Either to acquiesce in the heavy programme of military and civil expenditure—which I cannot conscientiously do,—or to seek to paralyse Government—which is equally repugnant to me. If we are obliged to resort to the latter course, it will only be in the event of Government refusing to reduce their demands in conformity with our legitimate wishes. The Honourable Mr. Hailey claims that his office has subjected the departmental Budgets to ruthless pruning. But before I admit that the Honourable Mr. Hailey has done all that was possible for him to do in the direction of economy, I should like to be satisfied on one point. If we look at the list of subjects which have been transferred to the charge of ministers in the Province, and over which the Central Government will hence forth have precious little control, we fail to see the necessity of maintaining those Departments in wholly undiminished strength in the Central Government. Education, Sanitation, Local Self-Government, Agriculture, Public Works and other transferred subjects cannot certainly call for the same amount of vigilant supervision from Delhi or Simla; indeed, the constitution would no longer allow it. But where is the corresponding reduction in expenditure on establishments of these Departments?

Sir, a good deal has been said on the unwelcome features of the Budget, which, let us devoutly hope, will prove to be merely passing phases of the fickle fortunes of our finance. But I do not think we should omit to recognise the remarkable, indeed historic, departure in the financial policy of Government which this Budget represents. It seeks to materialise a federal system of finance in which tax jurisdictions of the Central and Provincial Governments are completely demarcated. And one is struck by the fact that though on the administrative side the reformed constitution is at best a transitional arrangement, its financial counterpart represents a partition of revenues between the central and local Governments almost unexampled, for its rigidity, in the history of federal systems of finance. There is no recognition in the Indian constitution, as elsewhere in the Empire, of the responsibility of the central authority for the financial stability of the Provincial Governments during the earlier stages at least of the constitutional experiment. I venture to think the transition from the system of provincial settlements, which represented a 'rough equity,' to a complete separation of tax jurisdictions, with an insistence of outward symmetry, might have been made less sudden as has been the case with Australia and Canada where the States share with the central authority some of the revenues even after years of the introduction of a federal type of Government. It may be noted that the South African States are still more dependent on the Union subsidy.

Again, this principle of apportionment of revenues between Federal and Central or Central and Local Governments is recognized in practice in the continent of Europe and in England. The idea of divided heads of revenue is therefore not a heresy. And there is nothing inherently wrong if a province asks for a share of the income-tax or even of customs collection—for which precedents are to be found in the colonies. Even in the United States the dea of the States Governments participating in the Federal income-tax is being seriously can-

vassed. So far as income-tax is concerned, the right of the provinces to a share is practically conceded in principle in our Financial rules, though unfortunately they do not appear to yield any net profit to either of those two presidencies which contribute the largest amount of income-tax, and for whose relief mainly the device under Devolution Rule 15 was evidently intended.

Sir, it may be said that this discussion is more or less of an academic character, but I submit it has a practical side as well.

Bengal has been very much disappointed not to find in the Budget any provision for giving effect to the recommendation of the Parliamentary Joint Committee for a special consideration of Bengal's peculiar financial difficulties. It was stated by the Honourable Mr. Hailey the other day that the recommendation on this question appeared to be obscure, and a reference has been made to the Secretary of State for its elucidation. It seems rather strange that though the recommendation reached Simla in September last, its obscurity did not evidently strike the authorities till somewhat later, and no final decision has yet been arrived at in the matter. Meanwhile, Bengal has been clamouring for justice. She has been asking for the entire customs duty on jute exports which are Bengal's own monopoly. This alone can prevent her present deficit of over two crores becoming a chronic feature of her finance.

Sir, I venture to submit that the financial condition of Bengal has a direct bearing on the present financial proposals of Government. It is proposed to raise 8 crores from customs and 3¼ crores from income-tax and super-tax as additional revenue. The customs as also the additional railway rate will be ultimately paid by the consumer. And when we bear in mind the fact, as it was stated by Sir William Meyer in February 1917 in reply to the Honourable Mr. Sarma, that a large portion of the consumers live in Bengal and Bombay, I can say without fear of contradiction that Bengal will have to find quite a large proportion of these imposts. In the recent past, Bengal has contributed about 55 per cent. of the total customs revenue and it can be safely asserted that excluding the probable share contributed by consumers outside Bengal, the undisputed contribution of Bengal proper to the central exchequer in customs duty represents at least 35 per cent. of its total proceeds. In other words, out of the additional 8 crores that you seek to raise this year from customs about 3 crores will have to be found by my people in Bengal.

Then again, take the case of income-tax and super-tax. It is proposed to raise an additional 3¼ crores from these sources. I will not take into account the normal growth of revenue under these heads; but of these 3¼ crores at least ⅓ will come out of Bengal, and ⅓ more from Bombay, judging from the usual contributions made by these two provinces.

And we remember that according to the calculations made by the Government of Bengal in their letter to the Government of India, dated April 1920, fully 90 per cent. of the income-tax raised in Bengal comes solely from Bengal. Thus when you add 11¼ crores to your revenue under customs and taxes on income, you really ask the people in Bengal alone to contribute about 4 crores in addition to what they usually pay under these heads. If we consider the other proposals of new taxation, Bengal's share of the burden will not be found to be inconsiderable under them also.

I submit, Sir, that in imposing new taxes Government should enquire about the financial condition of the particular parts of the country on which an unduly large burden would certainly fall. If you look at Bengal, you find that while a very large share of the new taxation will have to be shouldered by her, the revenue available for her own purposes for the coming year is short of her frugal scheme of expenditure by over two crores. And this is due to the most unjust and arbitrary method of distribution of our financial resources. Bengal received scant consideration from the Meston Committee. And, as a result, Bengal will have to embark on new taxation much sooner than perhaps was anticipated even by that Committee. It comes to this then. By your new financial adjustment, you are driving Bengal to resort to heavy taxation for her own needs, and you are, at the same time, imposing a heavy burden on her for the purpose of meeting your own deficit. Sir, I will ask Government to remember that there is a limit to Bengal's taxable capacity, and there is a limit also to her pátienee. We want a liberal interpretation of the Joint Committee's recommendation about Bengal. It may, no doubt, have the effect of increasing the imperial deficit to a slight degree; but you will have the satisfaction of feeling that you have done justice to the claims of a wronged people. If taxation has to be increased for meeting this increase of deficit, the broad shoulders of the Central Government can alone be trusted to bear the responsibility in the peculiarly unfortunate circumstances in which the reforms have been inaugurated. To expose the new Provincial Governments to risks which an early imposition of taxes will inevitably involve, will be to court failure of the great object which we have in view, namely, the successful working of the reforms. If the reforms fail, your pampered military will find it difficult to hold the Empire together.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock. The Honourable the President was in the Chair.

Mr. S. C. Shahani: Mr. President, I must thank you very much for after all allowing me to speak.

I desire to say in the first instance that though the Budget for 1921-22 is dismal in the extreme, its preparation and presentment do great credit to the Honourable the Finance Minister. If he had provided in the Budget figures of Receipts and Expenditure, say, for the last five years, for the purposes of comparison, the Budget would have been almost complete. As my Honourable friend, Mr. R. A. Spence, pointed out yesterday, the Budget is besides framed in rupees, and the facts are no longer hid.

Some of the main problems arising out of the last year's financial operations are—(1) the Exchange Policy, (2) the Currency of the Country, (3) the Railway Deficit, and (4) the Excess in Military Expenditure.

The Exchange Policy of the Government has naturally come in for some extremely strong animadversion. The Honourable the Finance Minister has at one place in his speech said, 'I know that there are some people who, by shutting their eyes to the conditions obtaining abroad . . . have convinced themselves that the present overstocking of the import markets, and the existing depression in the export trade, is in some undefined way attributable to the exchange policy followed by Government', and in support of this his statement has quoted the remarks of Lord Cullen, Governor of the Bank of England at the Brussels Conference, during the course of the debate on Currency and Exchange, to the effect that 'the exchange of any country is merely a reflection or symptom of that country's conditions'. My Honourable friend, Mr. Jamnadas Dwarkadas, our young promising politician, who, I trust, has a long and successful political career before him, has made the necessary comment on this statement of the Honourable the Finance Member. The quotation, he rightly says, is a misleading one, since Lord Cullen's dictum is but a half-truth. Exchange in India was not allowed to right itself. The Lombard Street Clique influence prevailed. A wrong Indian Exchange and Currency Committee was appointed. The sound advice given by Mr. Dalal, the only Indian member of the Committee, was not heeded. Sir David Barber, some representatives of the Exchange Banks, nay almost the whole Indian Commercial world protested, but to no purpose. The Honourable the Finance Member at another place of his speech has himself said, 'We have frequently been asked to explain how far the persistence in the setting of Reverse Councils on the system first adopted was due to our deliberate choice or how far the responsibility lay with the Home Authorities. Particular emphasis has been laid on the failure to adopt the system of sale by competitive tender. I regret, that it is not within the power of Government to answer these inquiries.' Again, and I would draw the attention of the House to this, if the intention (however mistaken) of the Government was to stabilise the exchange at 2*s.* to a rupee, why should the Reverse Council Bills have been sold at a rate higher than the market rate, considerably above 2*s.* to a rupee? There seems to be no reasonable doubt that the tremendous losses that have accrued to the import merchants in India are a consequence of at least a mistaken exchange policy of the Government, and that the responsibility of this mistaken policy attaches to the Home Government. If that be so, will it not be reasonable, I ask, that the Home Government be called upon to make good the loss they have caused to the Government of India amounting to about 30 crores of rupees. Not only that. In my opinion, the Home Government is in duty bound to mitigate the losses suffered by the importers, who else would be justified in refusing delivery at less than 2*s.* to a rupee. The Honourable the Finance Member says 'I can imagine no severer blow to the international credit of India than that there should be a general movement on the part of some of her merchants to announce a policy of general repudiation.' But the reply of my Honourable friend, Mr. Manmohandas Ramji, yesterday and of my Honourable friend, Mr. Price, to-day on this head should be deemed adequate.

The Currency position is undoubtedly unsatisfactory. The Currency has been unduly inflated. The issue of Currency notes has been almost unlimited and unbacked by any adequate reserve, and the Treasury Bills have been created *ad hoc*—circumstances calculated to undermine Government credit, raise prices and induce Commercial Crises. Surely, a very unsound method of meeting a deficit ! Circumstances have demonstrated the futility and mischief of this method. One may feel confident that it would not be defeated.

The excess in military expenditure doubtless needs a drastic scrutiny ; and the appointment of a Sub-Committee for the purposes of a scrutiny in the near future has been announced here to-day. But, in addition to a rigid examination of military accounts, it is necessary to inquire if it is sound policy to occupy Frontier Tribal Territories, like Central Waziristan, for military purposes. The internal condition of India should be no argument for excessive military expenditure. If it causes anxiety, it is advisable that the causes should be spotted and removed rather than that any unnecessary military establishments or officers, should be maintained. It has been argued, that the actual combatant strength of the post-war army has been lower than that of 1913-14. But it has in this connection to be remembered, that the strength of the army and the expenditure incurred thereon has always been disproportionate to the revenues of the Indian Government. It goes without saying that the army expenditure would be materially reduced by a larger employment of Indians in the army, and by the creation of a Territorial Force. The argument that the Government is under any contractual obligation to the Home Government for the employment of British units cannot but fail to carry conviction. We have been told to-day by the Honourable Member the Army Secretary and His Excellency the Commander-in-Chief that for the requisite stiffening of the Indian Army, the retention of British units is necessary. This retention should in any case be most carefully circumscribed. It did not take the British Territorial Forces very long to secure for themselves the requisite efficiency; and I trust that

the Indian Territorial Force too will be enabled to acquire the requisite efficiency in a short time.

As for the effects of the Reforms on the Revenues of the Central Government, it has been admitted that the heads of revenue assigned to the Provincial Governments have, for the most part, been off-set by the Provincial Contributions to the Central Government.

In the Ways and Means position of 1920-21, the capital outlay, including discharge of debt, loss on exchange, and Imperial deficit, amounted to 96·2 crores, which has been met by reduction of Cash Balances, Rupee Loan, Issue of Treasury Bills, Credits under War Stores, Suspense Account, Receipts from Savings Bank, etc., and Provincial Surplus. This means a further deterioration of the financial position, which will have to be made good in the near future, and would necessitate new loans or further taxation.

In the Ways and Means position of 1921-22, the Capital outlay of 43·1 crores is provided by a reduction of Cash Balance, Rupee and Sterling Loan, Net Receipts from Savings Bank Deposits, etc., Recovery from Iraq Administration, Credit from Exchange, Imperial Surplus budgetted for the year and Credit from Exchange.

In 1918-19, there was a deficit of 6 crores, in 1919-20 a deficit of 23 crores and in 1920-21 a deficit of 11 crores. These deficits were met by issuing fresh Currency Notes and Treasury Bills. In 1920-21, 32·5 crores of debt were paid, and a new Loan of 29·8 crores taken. The new Budget shows a large deficit which is sought to be met by fresh taxation and a loan of 20 crores. Out of the 43·1 crores needed for capital requirements, the House will notice, the Delhi Capital outlay amounts to 1·1 crores and the drawings by Provincial Governments, from their balances amount to 6·3 crores. These 7·4 crores must come from Revenue. But of the remaining 35·7 crores, 16·2 crores are required for discharge of debt (War Bonds of 1921), 17·8 for Railway Capital Outlay and 1·7 for loans to Provincial Governments, which all stand on a different footing, and ought not to come from Revenue. The new loans (20 crores) and the reduction of cash balances (6·6 crores) amount to 26·6 crores only. The balance of the amount required, *viz.*, 9 crores, will for the most part be paid out of the Revenue, which, in the existing conditions, would be distinctly unjustifiable. I would propose a further loan of about 9 crores, and the reduction of new taxes to that extent.

I understand that since we buy our stores from England it may not be difficult to get from the Secretary of State an advance of about 9 crores, and that if we make up our mind to buy our stores from America, we would be almost certain to get the required amount from her.

I am not advocating a reckless multiplication of our debts. I am for a scheme for the total amortisation of debts, such for instance as has been suggested by my Honourable friend, Mr. R. A. Spence, in his thoughtful and good-humoured speech delivered in this House yesterday. What I want is that taxes calculated to press heavily on the poor or to retard the commercial and industrial growth of the country should be strenuously opposed.

Of the proposed new taxation, while I would welcome the increase of the general *ad valorem* duty of 7½ per cent. to 12½ per cent. as suggested by my Honourable friend, Mr. Spence, I would not, in the interests of India's industrial development, withdraw the concession allowed by the existing tariff by which machinery and stores imported for use in a cotton spinning or weaving mill are admitted free of import duty. I hate the levy on matches of a specific import duty of 12 annas per gross boxes in place of the present *ad valorem* duty of 7½ per cent. This rate would in practice work out to at least three pies per box of matches and affect the poor injuriously. The increase of duties on imported liqours and manufactured tobacco or the raising of the general *ad valorem* duty of 7½ per cent. to 20 per cent. in the case of certain articles of luxury, such as even *umbrellas* is to be approved. I might inform my Honourable friend, Mr. Spence, that umbrellas, a necessity in places knowing monsoons, are very well manufactured and on a large scale in Madras and other places and can mostly meet the demand that there is in India for umbrellas. The raising of the import duty on foreign sugar from 10 to 15 per cent. will prove a boon to the sugar industry of India. A substantial increase in the surcharge on goods traffic imposed in 1917 is, in my opinion, to be deprecated. The existing rates are 1 pie per maund on coal, coke and firewood and 2 pies on all other goods. It is proposed to substitute the following rates: (1) 6 pies per maund on coal, coke, firewood, food grains and fodder; (2) 2 annas per maund on certain valuable commodites which can bear a high rate of tax, such as piece-goods, pressed cotton, jute and iron-ware, timber and oils; (3) 1 anna per maund on all other articles of general merchandise not falling within those two categories, and to extend a free zone for goods carried 10 miles or less to 20 miles. Apart from the new increased surcharges upon railway freights being clumsily contrived, the new increased surcharges will prove economically unsound. Judging from my experience of men and things in Sind, the rates on goods like fodder and firewood ought to be reduced and not increased. On comparing notes with my Honourable friend, Mr. Chaudhuri Shahab-ud-Din, I found that things would not be much better in the Punjab. As for piece-goods, pressed cotton, etc., if the proposed increased rates on these are enforced, I feel that the concession involved in not increasing the existing cotton excise of 3½ per cent. will be almost neutralised. However, I have not been able for want of time to work up the point, and I cannot make any definite statement. However that be, there is no doubt in my

mind that rates on goods in the interests of the Indian trades and industries should not be increased.

As for our postal rates, I think, in this House most will agree that they should not be enhanced. Any increase here will be a retrograde step, and will adversely affect the poorer people especially. If it is true that the postal working expenses have grown largely, it is equally true that the postal accounts are not kept on a strictly commercial basis, and too much reliance cannot be placed on the available figures.

The estimated revenue from the proposed increases which I am representing as being undesirable amounts to about 9 crores:

1 crore and 10 lakhs from matches,

5½ crores from goods traffic, and

2¼ crores from postal rates.

Against this loss may be set 1½ crores realizable from the further increase of the general *ad valorem* duty of 7½ per cent. to 12½ per cent if sanctioned and other savings securable by economy and retrenchment. If there be no prospect of immediate economy and retrenchment, an additional loan of 7½ crores in the existing circumstances ought not to be dreaded in view of the objects of the loan, namely, political content and industrial growth and development

I and some of my Colleagues from Sind have been receiving telegrams from Karachi to the following effect, 'Merchants Association strongly opposed to the proposed increase of postage, income-tax and railway surcharge. Trade and poor classes will be great sufferers. Public opinion very strong against the proposed increase;' and, I think, their representations are just, save perhaps in the matter of income-tax. If the lower grades of income-tax are left alone, the upper grades might rightly be increased. I would earnestly appeal to the House to carefully consider this question. The state of Indian finance is not intrinsically unsound. Most of the proceeds from the debts raised are invested in sound financial concerns. To take but one instance, in the Administration Report of Railways in India for the year 1919--20, I find that more than 400 crores are invested in the railways, on which the percentage of return on capital was 4·54 in 1914-15, 5·06 in 1915-16, 6·02 in 1916-17, 6·83 in 1917-18, 7·07 in 1918-19 and 5·90 in 1919-20.

Mr. A. D. Pickford: Sir, the attitude of the Members of this House towards the Honourable the Finance Member reminds one very much of a man who meets another, shakes him by the hand and says good morning, and then knocks him down. The speakers have, with consistent monotony, congratulated the Honourable Mr. Hailey and then torn his policy and his proposals to pieces. I wish only to join the chorus in so far as saying that, at the very least, we did listen, in the introduction of this Budget, to an intellectual effort of very uncommon ability. I would hesitate to touch upon any military question as a lay-man, were it not for the recollection of a very effective and destructive criticism of a Defence scheme by a district officer who commenced his letter to his Commissioner by saying that his only claim to criticising matters of military import was that he was a dismissed corporal from a light horse regiment.

My position is similar except that I am a dismissed Major. Therefore I make bold, Sir, to refer to one matter which I do believe to be of the very gravest importance. It is quite clear from statements that have been made to-day and from answers to questions and from rumours that one hears on all sides that demobilisation of Indian troops has either been carried out or is about to be carried out on a considerable scale. It has even been suggested that this demobilisation is not only to be carried out on a large scale but in a very short time. Now, I think this House will agree that demobilisation is at all times a difficult and very often an unpopular process, unpopular with the men, unpopular with the officers, very greatly upsetting to the internal economy of regimental units. One would like to be satisfied, indeed this House ought to be satisfied that every possible measure is being adopted to minimise its hardships and possible dangers. In the United Kingdom, since the war, it has been necessary to spend millions of pounds in supporting men who can no longer be retained in the Army. I do not pretend for a moment that the conditions are the same here, for it is possible that most of the demobilised men can with reasonable promptitude be absorbed into civil life. But the men are happy and well paid as soldiers. They have valuable amenities in their regiments. They have formed ties of friendship with each other and with their officers who are loath to part with them. Unless men, in the frame of mind they are likely to be in on demobilisation, are well cared for, there is sure to be, it seems to my lay mind, some danger that they are likely to be receptive to doctrines now so commonly preached to anyone who may be supposed to have a grievance. The rumours on this subject are disquieting and I feel sure that the country will not acquit the Government of India if, in yielding to the clamour for economy, they add any danger to those which already exist. We must urge that there shall be no undue haste therefore in the process of demobilisation. One more point on the military question. The Press and many speeches, I do not mean here, speeches made in the country, have been full of diatribes against the practice of employing Indian troops overseas. I confess that to my mind this criticism is not well conceived. Why should India not take her share in this duty? It does not cost India a penny and service on overseas garrisons is well paid and popular. These two questions,

the questions of demobilisation and of overseas garrisons, hang quite suitably and well together.

Sir, on the question of general taxation a speaker in the House of Commons laid it down that a tax should be equitable, economically sound and productive. I wish to draw the attention of the House to two forms of duty which satisfy none of these three conditions. In the memorandum explaining the details of the estimates, I see that in the revised figures for the current year (1920-21), a substantial decline is anticipated under the head of Export duties which were originally budgetted to yield Rs. 688½ lakhs but are now expected to yield only 505 lakhs. This decrease of Rs. 183 lakhs is to be found chiefly under Hides and Skins, which are Rs. 143½ lakhs less than anticipated and Tea which is Rs. 21½ lakhs less, due, as the Memorandum says, to the depressed condition of these trades. If a similar condition of things occurs in the coming year, I am afraid, the Honourable the Finance Member will lay himself open to the description once applied to the Chancellor of the Exchequer —the manipulator of mythical millions. Taking first the item Raw Hides and Skins, we find here a typical instance of the evil effects of imposing a duty without taking into consideration all the factors likely to influence the position. It will be remembered that the duty on raw hides and skins, Mr. Spence has already alluded to this matter, was imposed during the Simla Session in September 1919. When introducing the Bill that was necessary to amend the Indian Tariff Act, the Honourable Member in charge said that the object of the Bill was to ensure that our hides and skins should be converted into fully tanned leather or other articles of leather so far as possible in India and failing this in other parts of the Empire, instead of being exported in a raw state for manufacture in foreign countries. I hope at a later date to be given an opportunity of explaining to this House how the legislation introduced in 1919 has failed to have the effect intended. Indeed, an officer of Government in the Council of State the other day stated that he had heard of a 'tax on hides which was now ringing the knell of that industry'. My point meantime is, that this duty was never imposed for revenue purposes but solely for the purpose of helping a particular trade or industry. Then again in the original Budget for the current year this duty was estimated to yield Rs. 210 lakhs. As a matter of fact, it is now not expected to yield more than 66¼ lakhs and I am very disappointed to find that Government have not given a favourable ear to the representations of the merchants who are engaged in this trade. Instead of cancelling this duty entirely, seeing that it has failed in the object for which it was originally levied, or instead of suspending the operation of these duties so long at least as the present depressed condition of trade continues, I see that Government expect to realise a crore of rupees under this head during the forthcoming year. Another point, I must admit, that the export duty on tea is different from that on raw hides and skins for the reason that the Tea duty was confessedly introduced as a revenue yielding tax.

Even so, it must be remembered that the imposition of that tax was practically unopposed for no other reason than that the war was in progress.

In the Budget for the current year the tea duty was estimated to yield 63 lakhs, but i now expected to return 41½ lakhs only, and for the ensuing year I observe Government have budgetted for an income of 50 lakhs under this head. I quite recognise that this is not the time to dispense with taxes or duties which yield an income to the State, but, in my opinion, this is not a sufficient reason for continuing the duties either on hides or tea, and I appeal with confidence to Government to give relief to trades so hardly hit as the hide and tea trades undoubtedly are. I have not been able to go over all the items in the accounts laid before us to see where savings can be effected in expenditure in order to permit of these duties on tea and hideds being dropped out of the accounts; but under the head of posts and telegraphs I find items of capital outlay amounting to over 2 crores of rupees which are being charged to the revenues of the ensuing year. I would suggest that the time has now arrived for maintaining separate accounts for revenue and capital expenditure on posts and telegraphs. If those 2 crores are now transferred to capital account, this will enable the export duties on raw hides and skins and on tea to be dropped out entirely. As I have already said, taken together, they are expected to yield only 108 lakhs for the current year, and I think the Honourable the Finance Member is optimistic in budgetting for a yield of 150 lakhs from these duties during the ensuing year. The transfer to capital of the 2 crores already referred to will more than cover the deficit caused by the cancelling of this Rs. 1½ crores of export duties. I trust the Honourable the Finance Member will give this matter serious consideration, and that Honourable Members here will support me in putting forward this recommendation with a view to helping two Indian trades which are at present in a very depressed condition.

Yet one more point, the question of Cotton Excise. I do not suggest for a single moment that that tax should be removed in a year like this. It has existed now for a considerable time but I do feel most strongly, having regard to the original history of this tax and of the accusation which with a very great show of justice can be brought against Government that the tax was imposed as a sop to Lancashire. I say, that in view of the history of that tax, it will be to the credit of the Government of India to have it removed at the very earliest possible opportunity.

Beohar Raghubir Sinha: Sir, several gentlemen yesterday congratulated the Honourable the Finance Member some way or other on the presentation of the Budget while subse-

quently their own speeches did not help them much in their felicitations. I personally do not know what to do. To my mind, it appears that it is useless to congratulate or condole the Finance Member, for it is not *he* who is mainly responsible, but the whole top heavy machinery of the present Government. Any official Member in the position of the Honourable Mr. Hailey would have done what he has done. I would have liked to use some such expressions to the Government as it stands to-day; but allow me, Sir, to defer my congratulations or condolences for some future day as my heart is too heavy to-day and am dumbfounded in consequence of the horrible sight of abnormal increase of military expenditure and additional taxations on the already heavily taxed wretched India. While going through the speeches of the late lamented Mr. Gokhale, the very first of his Budget speech delivered in 1902, dilating upon the ever-increasing burden of military expenditure and taxation, carried me away to pause and think and question myself: Is it really a fact that we are exploited for the interest of others? I cannot answer this question at the spur of the moment, though I fully realize that an impression has gained ground in the minds of the majority of the Indians—more particularly in the minds of even the illiterate poor villagers of India. It can not be denied that India is seething with discontent and it is the duty of every loyal citizen and well-wisher of India to see that every sincere attempt is made to allay such a feeling and produce confidence among the people as to the good intentions of the Government. Sir, nothing now should be done to further exasperate the already exasperated feelings of the people and I shall be wanting in loyalty to the British Government and to my people, if I suppress or conceal the real sentiments of the dumb illiterate men and women of India with whom I have occasion to move. I would not have minded the Budget much if the Government assured me that the people all round get two full meals a day, sufficient clothing to cover their bodies, have sanitary surroundings, adequate medical aid, increased mass education and sufficient security in the near future, that Indians stand on their own legs enabling them to protect themselves from oppression within and aggression without—I would not have minded the military expenditure much, had the military services been mostly Indianised.

I do not mind the fresh taxations much, had I entertained the hope that a greater portion of the same would be spent in meeting the real demands of the people. I had expected that the new era would bring us more and more securities for the fulfilment of some of our long cherished demands as detailed above. Sir, I fail to support the Budget as it stands now. The Honourable the Finance Member told us that under the Reforms the Government shares its responsibility. With this Assembly, I shirk that responsibility if anything is thrust upon us without our free consent. In the end I have to strongly oppose the increase of the price of post-cards and the charges on umbrella which is a necessity rather than a luxury. It is deplorable that an extra burden of duty is put upon fuel, food-stuffs and fodder, which would fall very heavily upon poor agriculturists and they should be relieved of this further burden.

Bhai Man Singh: Sir, it is rather unfortunate that in the very first session of its life this Assembly is required to face the situation of a financial crisis both from the public as well as the administrative point of view. The Honourable the Finance Member has given us a vivid photograph of the financial difficulties of the Government and it is, therefore, just the time when the strictest possible economy should be adopted on all sides. My other learned and Honourable Colleagues have addressed the House on different phases of the Budget and after the well-informed and expert opinions expressed by the Honourable Mr. Rahimtoolla Currimbhoy, Mr. Price, Mr. Shahani and Mr. Jamnadas Dwarkadas, I need hardly add a word about the policy adopted by the Government in the matter of exchange.

More than half of the expenditure proposed consists of the large amount of 66 crores of rupees for military expenditure. Let it not be said that I would ever like to grudge any sacrifice in men and money that the country may have to make for its defence from foreign aggression and, though personally not very strong in physique, I have the honour to belong to the great Sikh community which has always supplied the finest soldiers of our army and have proved their strength and courage before cannon and steel in India and outside India. We Sikhs know not how to shrink from war and always avail ourselves of the very first opportunity of serving the Motherland with our lifeblood. I, as a Sikh, have all respect for a soldier. But, Sir, while I am fully conscious of the importance of the Military Department, I owe a duty to the taxpayer as well, and had it not been for the very great financial difficulties and the large item allotted, perhaps I would have been the last person to grudge the military expenditure.

I may say that even military expenditure should be kept within proper limits, except in times of pressing need during war. The soldier is really a true friend of the poor, his very life is meant for the poor, and he would be the last person to see a poor man heavily taxed except for dire necessity. I myself really shudder to see the high figure of Rs. 66 crores allotted for military expenditure. This amount is not votable by the House, and its discussion is practically forbidden fruit to the Assembly. But, Sir, we are asked to pass demands and to vote for new taxes on a country already undergoing a financial crisis and great unrest on this and some other grounds. However much I may deplore the fact, and I would be the last person to create a blockade in the way of the administration, I for one cannot make up my mind to vote for new taxation until I am convinced fully that it is impossible to reduce the large amount allotted to military expenditure. Retrenchment should be made as far as possible, and I think there will not be a single Honourable Member in this House who, consistently with the trust reposed in him by the public, would be willing to allow

any further taxation and to vote for all the demand unless he is fully satisfied that it cannot be helped. We have been supplied just this morning in this very House with a memorandum which I must frankly say I had no time to read, and it is quite possible that Government may have given some satisfactory explanation therein for increasing the military expenditure. My Honourable friend, the Military Secretary, has stated that we require very good equipment for the army, on the most up-to-date scale. I perfectly agree with him that the Army should be as strong as possible; but at the same time we should look to our purse as well. No doubt foreign invasion or internal disorder may threaten the country; but with equal force I would say that financial bankruptcy too is no less a calamity for the country. I would suggest that if possible the military authorities should postpone some of the expenditure for this one year and incur it next year. The great reason given for the high military expenditure is the situation on the frontier; but I submit that the frontier situation has well-nigh always been just the same and I fail to see why we should have an abnormal expenditure this year. Our army was not large before the war; still they proved up to the mark and we supplied men and money; and there is no reason to fear that if another exigency arises during the ensuing year we will not do the same; we can be asked to vote for further expenditure, to levy further taxes if necessary for that purpose, and I think each one of us would be perfectly willing to vote for such a thing at any time if any unforeseen war or any such contingency arose. But to vote—or rather to support such high military expenditure in the face of the present circumstances, well, I personally cannot see my way to do it.

Something has been said about internal disorders and that we might have something to fear from non-co-operation. I would submit, that each one in this House knows fully well that the first principle of the non-co-operator is non-violence, and up to this time most of the non-co-operators have been non-violent. In face of this fact we cannot say that we think there is any danger from the non-co-operators.

If the Indian Army has proved itself to be up to the mark during the great German War, I do not see why it should not again be up to the mark now; and I do not see why we should go on increasing expenditure on that side without trying to curtail it as much as possible.

Sir, there are many ways of reducing military expenditure, and they are surely worth trying. Two great things are the Indianising of the Army and adopting the Territorial system. We have been crying for these for a pretty long time. To-day we are told that Government is ready to make an experiment. With all due deference, I may say, that I think the time for making experiments is long past and the time has come for real action. I may be forgiven if I make a little digression here on an allied question just for a moment. His Excellency the Commander-in-Chief has told us that the Government is prepared and is willing and is trying to give many more King's Commissions to Indians. I would like to know how many King's Commissions have up till now been given to Indians . . . .

Sir Godfrey Fell: May I say, Sir, that that information was given in reply to a question in this Assembly about a week ago.

Bhai Man Singh: Further, I would like to know how many Sikhs have been given the King's Commission in spite of the fact that they have provided the finest Army. Taking all this into consideration, the facts given to us are, I think, very meagre, and we cannot be satisfied with these results achieved up till now. I wish that the Government will see their way to mend matters. If the present situation regarding the grant of King's Commissions is to go on, I may say frankly that the present military men are not satisfied with their present lot and will not be satisfied until they are given a freer chance of getting to the higher posts.

The questions of Indianising the Army and of introducing the Territorial system have been discussed by my learned Honourable friend, Sir Sivaswamy Aiyer, and I need not go over those details again. But I may add that even Sir K. G. Gupta in the Esher Committee's report has laid great stress on the point that in order to reduce the military expenditure it is necessary to Indianise the Army.

Coming to the other items of expenditure I would submit, Sir, that there seems to be more room for economy. I need hardly repeat the necessity for practising the strictest economy at this juncture and we should try to save every pie that we can possibly do. Now, Sir, as my Honourable friend, Mr. Neogy, pointed out, so many subjects have been transferred to the provinces and for that reason we expected a large reduction in the Secretariat staff. When the provinces are managing their own affairs the burden on the Imperial Secretariat is expected to be less, but I am astonished to find instead that instead of any reduction having been made there is some increase in the posts. Taking the Home Department, there is a whole staff of officers on special duty; the expenditure during the last year under this head was Rs. 26,200, and under the present Budget we find the total expenditure of the officer on special duty along with his staff comes to Rs. 95,000, practically a lakh. As my friends have pointed out, there is similarly the post of another Inspector. Again, in the Home Department, instead of one Deputy Secretary we are asked to vote for two Deputy Secretaries, which would mean an extra expenditure of about Rs. 23,000 a year. Again, in the Education Department, though education proper is not only a provincial but a transferred subject and though naturally on that account we can expect some decrease in the staff, I find, with all apologies to my friend, the Honourable Member for Education, that one of the Assistant Secretaries on Rs. 400—1,250 has been converted into a Deputy Secretary drawing Rs. 1,600—1,700, whose total pay is

Rs. 19,400 ; thus I find that instead of Rs. 22,860 under the Budget estimate last year there is a demand of about Rs. 31,000 this year. I now come to the Finance Department, and I hope the Finance Member, the Honourable Mr. Hailey, will excuse me for that ; I find there is not only no reduction, but posts that have been created very lately, say within the last one or two years, have not been abolished. If I mistake not, the Joint Secretary's post was created only two years ago ; similarly, there are two officers on special duty that cost about Rs. 40,000 a year. So, taking all these facts into consideration, with due deference to the Finance Department, I do not find that any economy has been even tried in that side.

Coming again to the Railway Board I see there is now a President and two Members. If large Departments like those of Finance and Home can be run by worthy and distinguished Members like the Honourable Mr. Hailey and the Honourable Sir William Vincent, I cannot understand why the Railway Department cannot be run if we had only one Honourable Member at its head.

In this way, there will be a saving in the salaries of the two Members of the Railway Board as well as of some of their Secretariat staff. Now, Sir, there are some, or rather many railways which are worked by companies and according to the contract, their charge could be taken over by Government by giving them 6 months' notice. Well, Sir, if the Government were to take charge of these railways by giving them the required notice, it would mean a saving of 66 lakhs of rupees out of the surplus profits to be paid to the companies for six months. If we amalgamate some of these lines with the others, it will be possible to reduce the expenses incurred for supervision, etc., about a crore would altogether be saved. Apparently the items I have pointed out would look very small in themselves, a lakh from this Department, two lakhs from that and so on, but taking them all altogether, the total might come to more than a crore and a half. It also makes clear that no strong efforts are made to practise strict economy by reducing some of the highly paid posts and relieving the revenue to some extent. When I am speaking of taking charge of the railway lines run by companies, I am conscious of the fact that a committee has been appointed and is taking evidence on the point, but since to-day we are asked to vote for new taxes, and we have to look first to the interests of the tax-payer, I think I am perfectly justified to press that point even at this stage, and of course to the best of my knowledge that committee is not expected to look at the situation from the tax-payer's point of view.

Now, Sir, coming to the question of capital expenditure in connection with the new Delhi and other demands, I may submit, that it is a common principle of economy that if I have got less money to-day I should invest less, and if I am to invest in capital I should only invest in those things that may pay me by way of profits and I should shrink from expenditure on any other thing whatsoever as far as possible. Keeping that principle in view, I request Honourable Members to keep that principle in view while they are voting on those items in the Budget.

Now, Sir, I have to make a few remarks on the question of taxation . .

The Honourable the President: Taxation is a large subject to be dealt with within the time at his disposal, which has already been exceeded.

Mr. P. P. Ginwala : Sir, before I make a few remarks on the Budget, I would like to say that before I left Burma I naturally enquired of some survivors of those who once sat on the Legislative Council of India as to what they did with the Budget. I asked one of them 'What do you do with the Budget'? He said, 'If you want to do anything for Burma, don't touch the Budget.' So I then said 'How do you manage it'? He said, 'There is a very good gentleman there, he is very amiable and very obliging, you go and see him, and you say what you want for Burma and I am sure he will give it to you'. Of course, I need hardly say, that he was referring to the Honourable the Finance Member. Of course he said 'You will have to satisfy him that you have a good case'. I asked him how that was possible and he said, that the gentleman would be satisfied if I said that I came from Burma, for there was so very little done for Burma that if I asked him for any little thing, he was sure to do it. I am glad to say that besides the qualities which he ascribed to the Honourable the Finance Member, I have found from what I have seen of him in this House, that we could not have a better Finance Member than the Honourable Mr. Hailey. He is willing to hear complaints and is ready to redress them if he saw his way to doing so. I regret, I did not follow the advice given me this time but probably before the next Budget is ready, I may have to go and see him about these things privately. In the meanwhile, I should like to draw attention to three or four aspects of the principles of the Budget which appear to me to affect my poor province, and the House will bear with me if they think that I am taking a parochial view of the Budget. First of all, last year we read in our newspapers a number of very encouraging articles, one of the newspapers is conducted by my Honourable friend to my left, Mr. McCarthy, promising that we were within reach of a railway between India and Burma. We had heard of it for the last 20 years or so, and I was very sceptical whether it was possible that it could be true. I thought, however, that after all something might be true in that connection, and I came here quite prepared to see that a few lakhs would be devoted for accelerating the progress of the railway between India and Burma. To my disappointment I found that there was no such thing, and I now understand, of course I am subject to correction, there is not the least chance of its being taken in hand for many years to come on the ground that it is not likely to be a paying proposition for India. Well, Sir, in fairness, am I not entitled to ask whether you are going to

construct a railway between Burma and India only if you find it a paying proposition ? You constructed railways before and, I believe, you have lost large sums of money over them, and you are still constructing them in other parts of India and losing money and therefore that is no reason against the construction of a railway between India and Burma. Even the survey which was going to be taken in hand, I understand, has been given up now. I hope, Sir, that the Honourable Member for Railways will in his speech give us his views in connection with the construction of this railway. We have been waiting 20 years and we are not an inch further than we were before and I think it is time this matter is seriously taken in hand.

And then, Sir, there is one item about which the other day I asked a question. Even the Honourable the Military Secretary was unable to understand it or rather that he appeared not to understand the position. It was in connection with this Military Frontier Police—the Burma Military Police. I believe, Assam and Burma are the only two unfortunate provinces which have got to carry on their frontier defence by means of this military police. It was conceded that 68 per cent. of our total expenditure on the military police was due to the defence of the frontier and I believe, it was also conceded that a grant from the Government of India was to make good this amount to us. I find, Sir, that in the demand for grants there is a sum of 45 lakhs in round figures which Burma is going to get in connection with this from the Government of India. I hope, Sir, that that figure is only a provisional figure, because I am quite certain that if it is based on any previous figures you are bound to go wrong. Since you had your figures last a very large amount of expenditure has been incurred in connection with the improvement of the military police forces and, if this figure is not rectified when you are in possession of all the information, Burma stands to lose at least 15 to 20 lakhs. Then, Sir, there is this question of the income-tax. I am not referring in any way to the fact that income-tax has become an imperial levy subject to certain adjustments. What I am referring to is this, no figures are given here in your Budget from which I can see what the contribution of Burma is going to be on that account to the Central Government. I understand, Sir, that the Government of India have now decided, that instead of a certain percentage on the assessed value, we are going to contribute a certain lump sum, which is based on the figures of 1920-21. Now, Sir, we were rather more fortunate in that year than other provinces which I see have been complaining of trade depression. In our province, so far as the income-tax was concerned, we had a bumper year, and the amounts we collected exceeded by far what was expected. If you are going to accept those figures as the figures on which you are going to base this contribution, you will take from us a much larger sum than we are likely to collect, with the result that there will be a deficit which will have to be paid out of our own revenues to complete this contribution, and I trust, Sir, that if the Honourable the Finance Member finds later that the situation is such as to necessitate our paying to the Government of India any sum above the amount which we realise he will revise his figures.

There is one other point, and that is this question of the rice profits. Now, Sir, I have been trying to follow this rice profits account. I don't want to go at present into the history of that question at all, but we claim, and it is now generally admitted, that we are entitled to a sum of 9 crores and a quarter of rupees from the Government of India by way of rice profits. Our case is, that this is a debt which the Government of India owes to our province. Now they have admitted that the sum is payable to us—this 9 crores and a quarter. But they say, that we must wait until they are in a position to pay us. Of course, it is said that the amount, is lying to our credit. But we are also told that when we want it, we have got to give them notice that we want it and, if it is convenient to them, they will pay it. There are many methods of keeping accounts and this may be very good from the point of view of the Government of India, but I submit, that we are right in saying that it means a loss of nearly 54 lakhs of rupees a year to Burma. If the Government of India, instead of keeping our $9\frac{1}{4}$ crores as a deposit in their cash account, could transfer it to its debt account and pay us 6 per cent. interest, we would gain to the extent of 54 lakhs a year. We are not asking you to make us a present of any interest. We are asking you to pay us interest which you owed us, and which you would have to pay if you had to borrow this money in the open market. Of course, it may be said that other provinces do not get interest on their cash balances. True, Sir, but this is not an amount which at all ought to have been in your cash balances account. This is an amount which you had taken from us and, now that you admit that you are not entitled to it and when you are willing to give us that amount, I think it would be unfair to a young province like Burma that you should not pay the interest whilst you enjoy the use of our money. I trust, the Honourable the Finance Member will see his way to change this method of keeping his accounts so that it may be more favourable to Burma than it has been in this instance.

Mr. B. S. Kamat: May I suggest, Sir, that the time-limit should be cut down to 10 minutes so as to give everybody a chance of speaking.

The Honourable the President: Order, order. It has been put to the Chair that the time-limit for other speakers be cut down to 10 minutes. I do not take the responsibility of doing this. But the Honourable Member can put it to the House.

Mr. B. S. Kamat: I beg to move that the time-limit of 15 minutes to be cut down to 10 minutes in the interest of those speakers who want to address the House, and, secondly, I wish also to suggest that the House should sit longer.

The Honourable the President: Order, order. That is quite a different proposition. The question is, that the time-limit for speeches be reduced from 15 minutes to 10 minutes.

The motion was adopted.

Khan Bahadur Zahir-ud-Din Ahmed: Mr. President, I am new to the job, I have come here to learn and not to impart knowledge. I am not a '*subjanta*' man like most of my Honourable friends here. I know that the art of governing is a thing which cannot be learnt in a few days. It takes years and years to learn how to administer a country. I have read History a little from which I learnt of all the peoples on the face of the earth, it was the British in the modern age, as the Romans in the old, who excelled in it. I know this if I go to teach them a lesson in this branch the men in the know will enjoy the fun most. I have half of a century's knowledge of the British administration of India. I saw a good deal of improvements during these fifty years. I saw Railways, Steamer services, Post and Telegraph offices and other improvements cropping up everywhere. Dacoits, Robbers and Thugs and Pindaries gradually disappeared. Out of chaos and anarchy, peace and order were evolved internally everywhere and the country was saved externally from invasions. All these required money and if the country is to improve and we want security, we must pay for the same.

I never saw any Government Members present here before, neither have I interviewed them since I have come here. I do not know them by name. I do not know who is who. There is a Persian saying '*Sagae Jard Brathera Shogal*', which means all yellow dogs are cousins to the jackals. They—I mean the Government Members—are, one and all, the same to me, but I know this, they will be as faithful to their duties as the dogs are to their masters and they will be as sharp and intelligent to escape from their enemies as the jackals do. Besides this, I have seen their conduct collectively in this House, and I am much struck by the same. Moreover, they are amiable in their manners, and conciliatory in their tone and language. I wish the House could copy the same. They have been very careful in protecting the interests and privileges of the representatives of the nation. These officials who watch our interests so very well can never do wrong to the nation itself whose interests are trusts in their hands. I think I can take it for granted that they have devoted their expert knowledge in drawing up the Budget. They have no doubt taken the fact into consideration that India is too poor for further taxation. I believe, finding no other alternatives, they have had recourse to this mode of balancing the Budget. If I am to suggest any improvement, I may receive the retort 'A fool has rushed in where angels feared to tread.'

But, all the same, I desire to appeal to them in one matter which is this. I ask them to watch that the interest of India may not be subordinated to that of Great Britain and the Colonies. That is, India may not be exploited in the interests of the other countries.

In times of emergency, such as the late war, it cannot be otherwise; but in ordinary times, India must be protected. The interests of Great Britain are world-wide and for these India, which is not interested, should not be made to pay. The Indian army should now be only sufficient for India's needs or a little more. I am not for weak ening the army. Of all the countries on the face of the earth, India has suffered less from the ravages of the war and it was due to India's having a strong army to start with. A strong army is always cheaper to the nation in the long run. An oyster must have strong shells to protect itself, such is the condition of India.

I come here as a representative of the Mussalman population of the Dacca Division consisting of over 8 million souls. The Government Member will correct me if I am wrong in my figures. These people are mostly agricultural and deeply in debt to the *mahajans*. As soon as they gather their crops, including their foodstuffs they sell almost all to pay their *mahajans*. They again borrow from their *mahajans* from time to time throughout the year for their needs. The food grain is cheap comparatively speaking when the crop is gathered and sold by the cultivators. As soon as they are in the hands of the second-hand dealers, they enhance the prices, sometimes double them. It always so happens that these cultivators have to purchase in the end their own products, specially rice, from the second-hand dealers at double the prices at which they parted with them only a few months before; hence the export of rice does not help the cultivators but the second-hand dealers who are also *mahajans* and purchase the rice very cheap. The price is inflated twofold or threefold when the export commences.

People talk of Bolshevism coming from Russia. I can assure you, Sir, that Bolshevism will not come from outside, it will crop up spontaneously from inside unless the cultivators are protected from the *mahajans* who are oftentimes also the second-hand dealers of their products. The obsolete Bengal Government have started Co-operative Credit Societies and not trade unions, as this House recommended, which though in their infancy are doing immense good to the cultivators and are saving them from the clutches of the *mahajans*. But no steps can be taken to protect the cultivators from the second-hand dealers. If the cultivators could only export their products, then India would be a changed country. Much of the miseries of these people would long ago have disappeared. Truth is stranger than fiction. These cultivators themselves do not want the foodstuffs to be exported outside the country as I have said before. They have to pay double or even more than the price they got for their own products. It is a very difficult problem to understand and none but the suffering cultivators can unravel this tangle.

During the last two years, I have seen with my own eyes men and women eating kitchen sweepings and sharing the same with the street dogs. It was a heart-rending sight, human beings and dogs eating together the same discarded food. I wish I could show you, Sir, the sight. Such being the state of affairs, export of foodstuffs, especially rice, will only add to their sufferings and it is for the Government Members to judge whether new taxes can be imposed on such people. If no other alternative is possible, I ask, I appeal to the Christian sense of the Government Member to remove the taxes even within the year, if there be any improvement in the finances before the end of the year.

I do not at all congratulate the Member in charge. Rather I blame him for trying to draw milk out of a dead cow and doing this miracle almost successfully.

I told you, Sir, some time before that my friends of Dacca called me a member of the Lunatic Asylum, but I have not told you why. There is a reason, which is this. I am now a neighbour of the Dacca Asylum. I say, not only a neighbour, but some time an inmate of it. I used to stroll inside the place during my offtime, with the permission of the authorities there, and used to hear arguments, debates, and saw divisions and adjournments taking place there. This was all the experience that I got in this line. Unfortunately, I have left all my Dacca notes behind. Hence I cannot say where I have heard superior arguments, whether in Dacca or in Delhi. However, I am taking the notes back from Delhi with me and I will compare them with the notes that I took during the last three years in my native town and which, I am sorry, I have left behind. If I live till the next session, I will be able to tell you, Sir, which experience has benefited me most.

Moreover, I suffer from lapses of memory and frequently go to sleep in the midst of the debates and when I suddenly get awake I forget myself where I am; whether I am in the Asylum at Dacca or in the Assembly at Delhi. I admit, Sir, that yesterday and also to-day I had lapses of memory several times and that too, without going to sleep. My Honourable Colleagues, the M.L.As. will excuse the ravings of a diseased brain.

Mr. Amjad Ali: I rise to a point of order, Sir.

Khan Bahadur Zahir-ud-Din Ahmed: There is nothing out of order (turning to Mr. Amjad Ali) . . . .

The Honourable the President: The Honourable Member must address the Chair (turning to Mr. Amjad Ali). What is the point of order?

Mr. Amjad Ali: In referring to the Budget the Honourable Member was referring to M.L.A. by which he means Member of the Lunatic Asylum. This he has used to-day and the other day. I do not know what bearing this has on the Budget under discussion.

(At this stage, the Deputy President, Mr. S. Sinha, took the Chair for a short time.)

Babu J. N. Mukherjea: If I rise at this stage of the debate, it is solely with the object of emphasizing one or two points which have not to my mind either been so far sufficiently debated or which may require to be considered from a view point which may be different from that of the official Members of this House. In introducing the Budget for the current year on the 1st March 1920, the Honourable the Finance Member, speaking of the future, observed:

> 'As for the future, the revenue of India are steadily and surely expanding and their expansion affords a guarantee of their adequacy to meet such problems of development as immediately confront the administration of the country. Our pre-occupations lie rather in the provision of ways and means to meet our capital liabilities.'

The public thus got the idea, and not unnaturally, that at least during the first year—the year of inauguration—of the reformed legislature it would be given an opportunity of considering from its own point of view the administrative situation and to take part in the creating of liabilities necessitating the raising of funds by fresh taxation to meet such liabilities. The Honourable the Finance Member, while suggesting last year that it would be necessary in the near future to meet the first of the heavy liabilities created by the short-term loans, *viz.*, the repayment of 19 crores of war bonds that would fall due in August 1920, did not foreshadow the imposition of fresh taxes in the year 1920-21 or 1921-22. No one can doubt the soundness of the financial proposition that no country can continue to live indefinitely on its overdrafts. Does this proposition, however, necessarily mean that the Government of India could not even for a year of financial uncertainties and surprises improvise means to tide over the difficulty even for a short time to enable the reformed legislature to vindicate its existence as such? A considerable body of the people as non-co-operators are anxious to demonstrate to the world that the reformed legislatures of the country do not represent the country at large, that the Council have no real voice in the determination of administrative measures, and that no good can be expected out of the reforms. It is very unfortunate, therefore, that the inauguration of the reformed legislature of the Central Government should synchronize with the imposition on the people of fresh taxes of a varied description.

Was it impracticable for the Government to wait for at least a year to allow the country to settle down into normal conditions; and for the extraordinary fluctuations of exchange to resume their ordinary course, before fresh proposals for taxation of a considerable character were placed before the country for its acceptance? Taxes once imposed are seldom removed. They continue, sometimes, even when the causes which induced them are more or less removed. A revenue swollen by fresh taxation into larger proportions often gives rise to an inclination

to fix up expenditure in accordance with its dimensions, even though the increased taxation may continue to entail hardship on the tax payer. Proposals for fresh taxation might seem, therefore, to be more in keeping with the altered character of the Councils, if they were made when the new Councils had been seated in their saddle ; after the mists, created in the world of business by abnormal conditions, had found time to drift away, and the Indian unrest due to the non-co-operation movement had abated, at least in part, as it is bound to do in the near future. The imposition of fresh taxes at this time of unrest and uncertainty seems, therefore, to be very inopportune. Of its many results, one will be that it will give those who are not friendly towards orderly progress a fresh handle to work their plans. The financial situation which has been pleaded in justification of the imposition of fresh taxation, has in some measure been the creation of the Executive Government of the country. There is a feeling abroad that the very large increase in the pay and emoluments of the various services could have been greatly obviated if greater care had been resorted to and Government action in this behalf had been less precipitate.

The situation in the world of exchange is believed to be largely due to the action taken by Government in this connection.

And now this House is asked to assent to the Budget, and to the proposals for fresh taxation. The choice which the House can exercise on this matter is, however, of a very limited character. It cannot create an impasse by refusing to vote for the Budget. The only thing it can do is to indicate, in a very small way indeed, the inclination of its non-official mind about it. It cannot control the situation.

The necessity for the reduction of the military expenses of the country has been, I believe, fully demonstrated by other speakers. I do not wish to pursue this subject any further beyond saying, that, if I remember aright, recently in the House of Commons, a motion was adopted to the effect that the introduction of the Air Force would lead to a large reduction in the maintenance of the Army. This is a question which I suppose we can place before His Excellency the Commander-in-Chief for consideration. Unless this matter of reduction be constantly kept before the official mind, no permanent financial improvement seems to be practicable. One cannot forget that there is a fixed relationship between the tax-paying capacity of a people and the scale of its administrative costs. The more strain is put upon this relationship, the greater is the discontent in the country.

A sifting inquiry into the possibilities of retrenchment of expenditure should, therefore, be made by a committee composed of officials and non-officials as early as possible.

As regards the proposal for fresh taxation, it may be stated, that any increase in the value of post-cards, and of postage stamps for letters and newspapers, will be keenly felt by the poorer sections of the community and will result in a restraint upon the circulation of newspapers. The Honourable the Finance Member has himself felt the harshness that the proposed measure will entail, and has made his proposals with some reluctance. The proposed customs duty on imported matches, as also the taxes on foodstuffs and fodder, will also be felt by the people at large.

The resources of the people of India cannot bear comparison to those of the British Isles. It will serve no useful purpose, therefore, to institute any comparison between the two.

Coming to the question of railway expansion, one cannot but admit that expenses incurred under this head . . . . . .

The Deputy President: The Honourable Member's time is now up.

Mr. N. M. Samarth: Sir, within the short time available to me I will not traverse the ground which has been already covered by other speakers. But I can scarcely resist the temptation to speak a word or two upon the speeches we have heard from His Excellency the Commander-in-Chief and more especially from my Honourable friend, Sir Godfrey Fell. I have nothing to say but to express my regard for the sincerity with which His Excellency the Commander-in-Chief appealed to us on the score of the military exigencies at the present juncture. But, I am afraid, Sir Godrey Fell missed the point of the whole criticism. What was really at the back of the minds of the Members of this Assembly may be thus stated: if we are going to have so many crores of rupees spent on the army services, we would not grudge a single rupee if members of the Indian community were going to share equally with the British in the training and equipment of that Army. That was the question. Sir Godfrey Fell said that he would have been glad if the Army Estimates were allowed to be voted upon so that he could easily get the assent of the House but that he was prevented from doing so. We hope that the day will dawn when he will be before this Assembly asking it to vote upon the Army Estimates. As things stand, nothing that we can do, nothing in this academic discussion which we have had for two days, is going to reduce by even one rupee the Army Estimates. But if the Army Estimates were to be voted upon, may I ask him if this House would have ever voted one crore, 23 lakhs and 74 thousand rupees on the Royal Air Force Service when not a single Indian officer is going to be appointed to that Royal Air Force? May I further ask him, if the Army Estimates were going to be voted upon, 8,05,000 be allowed to be spent on the Quetta Staff College at which no Indian is admitted?

Sir Godfrey Fell: May I correct the Honourable Member? The Honourable Member has made two misstatements in the last minute and a half. In the first place, although there

are no Indians serving in the Air Force as flying men, I would point out, as I have already done, that the recruitment to the Air Force rests with His Majesty's Government and we have no information whatever to show that the Indian is not equally eligible with the European for service in the Air Force. As regards the Quetta Staff College, it is equally open to an Indian holding His Majesty's Commission as it is to a British officer.

Mr. N. M. Samarth : The remark has been received by some with applause. I regret to say that the explanation has not satisfied me. If the King's Commissions are to be given to us only in accordance with the recommendations of certain officers, well, I for one, do not think that those Commissions are going to come to us to the extent and in the way that some of those who applauded the remark seem to fancy. Well, I will not pursue the subject further. I only want to show that if these Army Estimates were going to be voted upon, surely many of these items would not have found favour with this Assembly. That contingency is not going to take place for another ten years and I do not know whether even at the end of ten years that power will come to us.

It has been said that all this expenditure was absolutely necessary having regard to the menace on the North-West Frontier which the military authorities have to meet. Well, if there is really an invasion or any war, then, under the Act, notwithstanding anything in the section relating to the Indian Budget the Governor General has been given power, in cases of emergency, to authorise such expenditure as may, in his opinion, be necessary for the safety and tranquillity of British India or any part thereof. Anything that we may vote here will, in that case, be absolutely useless. The military authorities have practically the power, with the sanction of the Governor General, to pounce upon any demands for current expenditure that you may now vote, any taxation for ordinary revenue that you may vote, to the extent that it may be necessary in cases of emergency for the safety and tranquillity of British India or any part thereof. All this debate on the Military Budget is but an academic discussion and, although I am glad that an opportunity has been given to this House to discuss it, I know, as everybody else here knows, that we have absolutely no control over these crores of rupees.

I will co me now to the Budget, and may I say, Sir, to the Honourable the Finance Member in a spirit of friendly criticism that I wish very much that what I think is an obsolete and antiquated method of presenting the Budget could be changed. In the House of Commons the Indian accounts are presented in a sheet and in a form in which, as in a mirror, you see at a glance what the estimates are. You get the accounts for 3 years and the Budget estimates in a small sheet. I think I have got it somewhere. Here it is. It is a small sheet, in which the whole thing, as in a mirror, is given, and I wish that method could be adopted here next year, the more so having regard to the provisions of the Act. In the House of Commons, for instance, there are what are called Consolidated Fund charges under Statute. So a similar system might be introduced here to have a Consolidated charge which will include separately all the items under section 25 of the Government of India Act, 1919, that is to say, those on which this Assembly will not be able to vote, namely, interest and sinking fund charges on loans; expenditure of which the amount is prescribed by or under any law; salaries and pensions of persons appointed by or with the approval of His Majesty or by the Secretary of State in Council; salaries of Chief Commissioners and Judicial Commissioners; and expenditure classified by the order of the Governor General in Council as :

ecclesiastical;
political;
defence.

At a glance, the whole Assembly will know what portion cannot be touched and what portion has got to be voted upon. Let us have those figures separately instead of being scattered here and there so that Members are put to the trouble of totalling up all those items. Just give us separately the portions to be voted upon. I hope that the figures will be presented to us in future in that form. My difficulty, for instance, is this. I was going through the figures.

The Honourable the Finance Member as well as Members of this Assembly will be pleased to refer to pages 120 and 121 of the Budget. They will see at the top that it is the statement of the expenditure charged to the revenues of the Central Government in India and in England. Look at the item, Posts and Telegraphs Capital Account charged to Revenue. Item No. 18, 'Capital Outlay on Posts and Telegraphs,' 2 crores, 10 lakhs and 2 thousand rupees. Now, Sir, I, for one, think that there is here some blunder. I cannot understand how capital outlay be can debited to revenue. Either I am wrong or it is a curious method of book-keeping which passes my comprehension. If I am right, then there has been clearly a blunder and possibly out of this amount something like one crore and a half or more will be available to us as savings,—I mean, available to us as less of a deficit than has been shown in the Budget. I hope the point will be cleared up. I make this suggestion simply because I want the accounts to be presented in the manner in which they are presented in the House of Commons. I will now pass on to another matter.

Many Honourable Members have commented upon the taxes. All I need say is that although the best attempt has been made by the Honourable the Finance Member, possibly in a

hurry, to devise a sort of taxation which will cover the deficit, it is surprising that while certain things among which are included clocks and watches, glass bangles, worn by Indian ladies, beads and false pearls, toys, required for children and umbrellas are classed as luxuries and liable to a duty of 20 per cent., in the other schedule in which articles are liable to a duty of 11 per cent., I find jewellery and jewels, precious stones, unset and imported cut, and so on. I should think that the schedules are capable of a great deal of improvement.

There are one or two more points which I wish to make.

The Deputy President: The Honourable Member's time is up.

Mr. B. S. Kamat: Sir, I shall begin my observations by presenting one or two queries to the Honourable Mr. Hailey in order to ask him to elucidate certain points in his Budget statement. We are told that this is a Budget of deficits. I should like to know why an entry regarding interest on the Gold Standard Reserve is not shown on the credit side. This amount which comes to something like 3 crores is not credited to revenue. If it were so credited, I think our deficit would be reduced by that amount. Secondly, I should like to ask the Honourable Member another question regarding interest receipts, namely, interest on the Paper Currency Reserve. Why is it not appropriated to revenue also as usual. If an amount between something like 2 and 3 crores had been thus appropriated, it would further reduce our deficit by 2 to 3 crores, or in all 6 crores. A third question which I would like to ask is what has been the result of the recovery of something like £5 millions which was pending from His Majesty's Government in the year 1920 on account of the capital value of war pensions for the Indian troops.

Now, I should like to supplement the remarks which Mr. Samarth made regarding the presentation of this Budget and also the form in which it comes up before this House. Looking to the form of the Budget in the House of Commons and the Consolidated statement submitted there, I rather think that one point which my friend missed was this. We should like to see in the next year's Budget at any rate a consolidated statement in some place of the total assets and liabilities of the nation. It is perfectly true that under the head of Interest, the national debt of India has been shown, that is to say, the Public debt of 3 per cent., Loan 3½ per cent., 4 per cent., 4½ per cent., 5 per cent. and 5½ per cent., but as the Budget is the national balance-sheet of the country, I think all these public debts ought to be brought under one head in one place somewhere as our liabilities and on the other side we ought to know our assets, *viz.*, capital outlay on railways, canals and other things. If a form like this is given we shall be in a position to know the solvency of the country and how we stand financially.

Now, having made one or two observations about these points, I should like to turn to the Budget itself. The whole issue before the House is whether the Budget has been framed on sound financial lines, on sound canons of finance. Now, as the whole House knows the dominating principle of this Budget is the military expenditure; and I ask the House whether looking to the progress of the country it is or it is not desirable that the dominating principle should be the military expenditure, or the moral and material welfare of the nation. I believe, the military authorities have been looking at the whole question from the point of view of pure defence. The Honourable Sir Godfrey Fell this morning told us that no civilized country neglects its defence. I admit it. I agree to it. May I ask him in return, is there any civilized country on the face of the earth which neglects its production of wealth, its national industries, the development of the moral and material welfare of its people, as we neglect it here in this Budget? If 62 per cent. of the national income goes for military defence alone, it means that we are starving the other development of the country. I believe, we have to look at the Budget from two points of view. Firstly, we have to look at it, I admit, from the defence point of view; and secondly, I think, we have to look at it from the general point of view of the welfare of the people, and I believe, that what the military authorities are missing is the second point in the Budget. Sir Godfrey Fell this morning told us that in Japan military expenditure had gone up something like 300 per cent. I believe, merely abstract comparisons like that are fallacious. Has he told us in the same way how much Japan is spending every year on her industries, on her ship-buildings, on the national production of wealth, on national health and other services? If he could give us those figures, then I can understand the comparison. Has he given us the figures of the total national income and the income per head of the Japanese people? Unless, therefore, we know these things, it is rather idle to make a comparison of that sort and say that their military expenditure has gone up by 300 per cent.

Then, again, we are told that some years ago the percentage of the military expenditure to the national income in India was something like 44 per cent. Sir Godfrey Fell told us. So far as I recollect, though I have not got the volume of the late Mr. Gokhale's speeches with me now, I think it was in a speech of Mr. Gokhale's in this Imperial Council some years ago—I think on the Budget of 1903-04—it was distinctly stated that in those days the military expenditure was about 36 per cent. and not 44 or 45 per cent. I am only stating from memory and I speak subject to correction. If that is correct, then I say the jump from 36 per cent. to over 51 per cent. is very high and unjustifiable. We have been told by His Excellency the Commander-in-Chief and by Sir Godfrey Fell that it was only after a good deal of scrutiny that the military strength of the Army, both Indian and British, has been fixed at what is considered to be the irreducible minimum. Now, with all due deference to

the ideas of defence, I ask, is there any country which maintains in its army this costly agency ? He has been good enough to place in our hands this morning a statement of the military expenditure and the increases of late years. If we turn to paragraph 2, page 5, of that statement, we find that the increases to the post-war pay of the British soldiers amount to something like 6 crores of rupees ; he has told us also that the total strength of the British troops is 70,000 soldiers. Now, compare the figures for the Indian troops during the same time. The increases on account of the Indian soldiers during the same time comes to only 24 lakhs of rupees. Now, I ask in all seriousness, is there any country in the world which maintains an army agency so costly as that, that is to say, the increase in expenditure during the same time for the British soldiers numbering 70,000 is 6 crores, while the Indian Army numbering something like 2,29,000 gets an increase of only 24 lakhs ? Can there be any country which maintains an expensive army like this ? We agree that the defence of the country is a paramount necessity, but we do not agree that this is the irreducible minimum of British forces ; neither do we agree that His Majesty's Government can lay down what the percentage of the British troops should be. If we turn again to page 6 of the statement, he has told us that there exists at present a semi-contractual obligation on the part of India to employ a certain fixed number of British troops. I think we are entitled to ask in consideration of that statement what that fixed number is. If that fixed number is below 70,000, then we can claim, with all deference again to the ideas of defence, that the number of British troops be reduced to that smaller number as is fixed by contract. He has not given us that number, and, therefore, I think his mere statement that there exists at present a semi-contractual obligation in the matter of our maintaining so many British soldiers is a more or less misleading statement.

Now, Sir, in answer to Sir P. S. Sivaswamy Aiyer, Sir Godfrey Fell told us, or rather the Commander-in-Chief told us, when referring to the question of Indian officers, that if proper education were given to them there would be no objection to giving them the Kings' Commission. I may tell both the Commander-in-Chief as well as Sir Godfrey Fell, that if the treatment in the army is good, I believe, hundreds of educated people from very good families in India would come forward for Commissions provided Government were willing to offer Commissions in large numbers. If there is a large ratio of Indian officers introduced into the army, then, I believe, we can keep down the expenditure on the military side with all due consideration for the efficiency of the army. The whole thing, Sir, is this. Are we to accept the dictum of the military authorities regarding defence as the final word ? Or is it the governing principle that the final word should be with this House and with the civil portion of the Government of India ? It is perfectly true that experts have their own opinions. But there are experts and experts. In this connection, Sir, I wish to know whether it is a fact or not that the Army Commission in 1879 laid down the relative proportion of the British troops and Indian troops to be maintained in India as one to two. What is the proportion to-day ? We find in the answer which was given by Government to one of the questions here lately that the total number of British troops maintained in India is something like 70,000, and the number of Indian soldiers is 2,29,000, a proportion of 1 to 3, against the proportion of 1 to 2 laid down by the Army Commission in 1879. Now, my point is this, if we are to accept expert military advice, are we to believe in the advice of the Army Commission on an abstract question like this, or are we to accept as the final word the opinion of the present military experts of the Government of India ? The thing, Sir, is this. In no country has the military or naval expert the last word. Take, for instance, the United Kingdom. The first Lord of the Admiralty is the naval expert, but the final word is with the House of Commons which votes the estimates ; and we are not, therefore, justified, with all due deference to the military adviser's opinion, we are not justified in taking their estimate as the final and true estimate for the military defence of the country. We must have a reconsideration of the whole point and the whole military expenditure must be certified by a committee such as the one which has been suggested already, in view of the facts which I have brought about. In fact I think there ought to be a small committee for the investigation of the national expenditure, after the pattern of the special committee which was appointed by the House of Commons a few years ago to consider the national expenditure of the country. As it is, we are running into deficits and we are simply living as it were from hand to mouth by means of additional taxation. That is not sound finance. That is not progress. In view of the progress of the country, I do think, if at all we vote any expenditure for the present year, at any rate let us vote it with this distinct understanding that the additional taxation which we are levying this year is only for one year and not for permanent purposes. In fact, before we very closely scrutinise and find out whether Government is spending all the money at its disposal in the proper manner for the progress of the country, I think we should not vote any further taxation at all.

Again, what are we to say to the principle involved in the demands of the Government ? I find that the total amount demanded for national industries, I mean all-India industries, is only 6 lakhs. 60 crores have been provided for the railways, including working expenses ; 17 crores have been provided for capital expenditure on railways, while for all-India national industries only 6 lakhs have been provided. Is it not important that we should provide more sums in order to develop our industries, in order to improve our national health and education ? I do not think the whole of this Budget is conceived in that spirit ; the whole spirit of the framing of the Budget is only defence and nothing else. I do say, therefore, that we

have to consider the whole thing in a different light entirely, *viz.*, the progress of the people and also the training of the people for the military life, so that after some years to come we can reduce our military expenditure and build up the national progress with the money at our disposal.

So far about the military Budget. There is one word which I wish to speak about the exchange question. I echo the sentiments which have been given expression to by Mr. Manmohandas Ramji regarding the remarks of the Honourable the Finance Member with reference to the commercial morality of the Indian merchant. I strongly resent and I respectfully protest against those remarks in the speech of the Honourable Member. I believe those remarks are both unjust in spirit and inopportune in time; and if the Indian merchants are driven as in Bombay and other places to withdraw from their contracts, it is because—I shall not say, the promise—but because of the policy of the last two years of the Government of India. I do not mean to say that Government is responsible for the action that they took, but I believe that by the policy of exchange which they were pursuing for the last two years they were morally responsible; and if that is the state of things, I do not think we should hold the Indian merchants in any way responsible for the attitude which they have recently taken up in Bombay and elsewhere. These are all the remarks that I have to make. Regarding the fresh taxation, I do not agree that we should increase the postal rates.

In the military expenditure Budget we have been told that long before this House has passed . . . .

The Honourable the President: The Honourable Member may move that as a motion.

Pandit Radha Kishan Das: Mr. President, the Honourable the Finance Member, referring to the Members of this Assembly, has in an extremely lucid and able speech remarked—'For the future they will have to share that responsibility. If we incur expenditure, it will be under their mandate. If we impose taxation, it will be by their vote.' He was further pleased to observe—'I am confident that this House will endeavour to rise to the height of the responsibilities now devolving on it. The world will be watching to see how we satisfy this, perhaps the most critical test of the capacity of a representative Assembly'.

From the speeches made in this House, I trust the Honourable the Finance Member is satisfied that he can have no cause to complain that his confidence in this Assembly was misplaced. Whatever may be his opinion of the soundness or otherwise of those speeches, there could not be the slightest doubt that the Members of this House showed that they realized their responsibilities in a marked degree. Sir, we feel, we could not merit the confidence reposed in us by our countrymen, if we did not at the earliest opportunity we get, express in unambiguous terms our sense of keen disappointment at the appalling state of things foreshadowed by the Budget for the coming year.

In this country, whilst it has rightly been the claim of Government that it has secured the people against external aggression, and conferred on them peace and security, perhaps equally justly it has been the complaint of the people that Government has sadly missed opportunities of ameliorating their economic and material condition. It is not, Sir, a matter of astonishment and regret, that in spite of a long spell of peace and security and in spite of occupying the fortunate position of having been the wards of the most powerful and enlightened Trustee in the world, the people of India to-day cannot manufacture even such ordinary articles of daily necessity as needles and umbrellas. We have to depend for them and for other articles of necessity on the tender mercies of foreign countries. This fact has always oppressed my mind and I have frankly expressed it to my English friends, official as well as non-official. They have generally tried to console me with the reply that the cause of this backwardness must be traced to inherent defects in the people of India. I have no doubt that that is their honest opinion. But, Sir, I must confess that I have never been convinced by this argument and I always thought and still think, that even assuming all possible shortcomings in a ward, the guardian too had some duties for which he was responsible. The ward, however, has now attained to years of majority and claims an equal partnership which has been practically conceded.

We fondly hoped that with the advent of reforms the old order was to change and that Government, which all these years had been so solicitous for our peace and security, would henceforth adapt itself to new circumstances and begin to make up for it past deficiencies by energetically applying our resources to the improvement of our material and economic condition. Does the present Budget justify that hope?

We are solemnly told that the Budget provision for military expenditure has been taken at 62·20 crores out of an actual revenue of 110½ crores, *i.e.*, we are to spend more than half of our actual revenue to secure peace and security at the expense of everything else. This ratio of military expenditure to the revenue is altogether unprecedented in any civilized country in the world. Peace and security are no doubt great blessings, provided they bring in their train economic and material prosperity and all those things which make life worth living. Otherwise, they only tend to breed a nation of serfs with, perhaps, an exception of one or two Honourable Members one of whom is desirous of creating a Hell—for the offending Frontier Tribes. This House, I take it, is practically unanimous in protesting against his huge military expenditure. Eloquent appeals have been addressed to His Excellency the

Commander-in-Chief to cut down the expenses on the Army as far as it lies in his power, and I hope and trust, that Government would see its way to satisfy public opinion in the matter.

I entirely associate myself with the suggestion made by more than one Honourable Member of this House that in future the services of the sons of the soil should be more largely utilized in the army. Besides effecting economy, which is so badly needed, this Reform would have far-reaching consequences. India would then not only be able to defend herself, but would in a moment of emergency be a tower of strength to the British Empire. As to proposals for fresh taxation, the price of cloth is already unbearably high and an increase of tariff duty on cloth, would, I am afraid, make it still more unbearable to the poor, unless the spinning-wheel of Mahatma Gandhi were to successfully come to their rescue.

The House would, I hope, agree with me when I say that the matches too are articles of necessity and an increase of taxation on them would tell heavily on the poor people. I am in hearty sympathy with the increase of duty on liquors. I would be simply delighted, if they were banned altogether from our country when our finances could permit of it.

I am also in full sympathy with the proposal to raise the general *ad valorem* duty of 7½ per cent. to 20 per cent. in the case of motor-cars, motor-cycles, tyres, silk piece-goods, fire-works, clocks, watches and musical instruments, etc. Umbrellas, however, are not articles of luxury; they are a necessity in the hot sun of India and during the rainy reason and I strongly urge that there should be no increase of duty on them.

It is only right that the present import duty on foreign sugar, as well as on cigars and cigarettes were raised.

Coming to railways, this House, I hope, would be unanimous in opposing any increase of duty on firewood and fodder. From the observations that fell from the Honourable the Finance Member, during the course of the speech of my Honourable friend, Mr. Joshi, it was a great relief to learn that he did not contemplate raising the fare of 3rd class passengers.

As to the abolition of the half-anna postage for letters, and raising to half an anna the quarter-anna post-card, as well as the proposed increase of rates on registered newspapers, I cannot do better than quote the eloquent words of the Honourable Mr. Hailey himself:

'I fully appreciate the objections which I know that this House will feel to altering the present postal rates, and personally I shall be very sorry to see the pice post-card and the half anna rate for letters abandoned. Cheap postal communications are of the highest importance to this country, and there is no doubt that the fact that we have probably the cheapest postal service in the world has been of immense benefit in aiding the country's progress.'

One may very well sympathize with the Honourable the Finance Member that in spite of his personal predilections to the contrary, the exigencies of his office and the extravagant and erroneous military policy of Government compel him to tap all possible sources of revenue.

Before I resume my seat, I congratulate the Honourable Member for the extremely lucid and frank way in which he has presented the Budget.

Rai Bahadur Bishambhar Nath: Sir, I have to make only a few observations on the Budget for the year 1921-22 presented for our consideration. There is no doubt about it, that the Honourable the Finance Member has taken great pains over the subject and has in his own way tried to be as economical as he could for which he deserves our thanks. Surrounded by adverse circumstances he has not been unmindful of popular suggestions in finding means to make the two ends meet. Indian public opinion has for a long time pointed towards the cotton goods imported into this country for the purpose of taxation, and I am glad to see the Honourable Finance Member has fallen in line with the popular agitator, though for the present only, with the object of producing additional revenue. It is true, the step taken by him is accompanied by great nervousness. He unnecessarily cries out that in imposing the tax he had no ulterior motive of a protective or any other kind. Nor in my humble opinion was there any need of the repeated apologies which he has offered to the United Kingdom. If Great Britain rendered services to the rest of the Empire, including India, by taking upon her shoulders the burden of the war, no less did India do so for the sake of Great Britain. I wish the Honourable Finance Member were more bold and had plainly told Great Britain that the fiscal policy of India would in future be determined more in India's interest than that of any other country. Is not the deficit of 19 crores, which the Finance Member is seeking to make up, one of the consequences, however partial and remote, of the Great War in which India participated no less in the interests of the Empire than that of herself? But, as I have said, I am thankful to the Honourable the Finance Member, whatever his motive, in taking a step in the right direction.

Sir, I share with the Government the anxiety for national defence. I am one of those who would like to be forewarned as well as forearmed. I do not believe in an inefficient army, nor do I believe in the wisdom of digging the well when the house is on fire. But it is injurious to take an exaggerated view of a danger, or to create an alarm when there is no ground for it. Defending his military bills of 58·20 crores, the Honourable the Finance Member says: 'The Government could not be prepared, without the most careful examination, to agree that in the present state of affairs in Central Asia with matters standing as they do between ourselves and our immediate neighbours on the north-west, and indeed in view of certain factors within India itself, a further reduction of our fighting forces is

justifiable '. I beg to submit that our immediate neighbours in the north or the north-west have always been regarded unfriendly, but they have never dared to beard the British lion at least on our frontiers, much less can they do now when they are disintegrated and confused by dissensions amongst themselves. As for the factors within India itself, they are only a bugbear. I for one do not see any, unless you mean the political agitation that is going on in the country. But is increase in the fighting units, or in other words, the enormous expenditure on the army the remedy for putting an end to the political agitation, particularly when it is carried on peaceful lines? Rather it is the other way on. The more disproportionate the expenditure on the army the more starved are the branches of administration calculated to develop the moral and material advancement of the country. Inadequate education, bad sanitation, and undeveloped material and moral resources lead to discontent, which in turn gives rise to political agitation. The real remedy lies in redressing the grievances of the people and not in increasing enormously the expenditure on the army. But it is said the growth in expenditure on the army is due to its being more efficient. The Great War has not been fought in vain, it has given some lessons to us. Yes, one of the lessons given by the war to the world is that Indians will always be loyal to England and during the days of her adversity they will forget their grievances and rally round her like a man. Was not India bled white, in the words of Lord Hardinge, at a very critical period of England's history? How many European soldiers were left in our country when the war was going on? Admixture of British and Indian troops is desirable, but there must be a reasonable ratio fixed between the two, and the expenses on the former must not be allowed to be disproportionately large. The pay of the British soldier has been increased nearly 200 per cent. since 1914. The average pay of the British soldier in India in 1913-14 was Rs. 420 per annum, and in 1921-22 it is Rs. 1,210 per annum. If the emoluments of the British soldiers cannot be decreased, why not decrease their number in the Indian Army and substitute for them Indian soldiers. Do you make our army more efficient by recruiting soldiers practically beyond the British India proper? Do you make it efficient by not establishing military colleges in India for training superior officers and throwing them open to all the Indians? Do you give a sufficient number of King's Commissions to Indians? Sir K. G. Gupta has truly remarked in his note of dissent to the Esher Committee report—

'That ever since the assumption of the Government by the Crown there has been a steadily widening difference in policy between the civil administration and the army organization. During the last half century, measures have been taken to extend the Indian element in the higher branches of civil administration, and in later years to introduce the principle of representation in the Legislative Councils which culminated in the statute of last year. On the military side, however, the tendency has been to make the grip closer, tighter, so as not only to keep the Indians out of all superior positions but also practically to exclude them from the artillery and various other services which form essential branches of the army organization.'

Sir, the fact is that the enormity of military expenditure is complicated and a chronic disease, for the last forty years has absorbed more than 50 per cent. of our total expenditure. It requires a careful diagnosis and a more drastic remedy to stop its parasitical growth than the ordinary pruning knife of the Honourable Member of the Finance. A word more, Sir, about the proposed taxation and I have done. The deficit of rupees 19 crores stares rudely in our face. I agree with the Honourable Finance Member that it must not be met by loans. Curtailing our expenditure and increasing our revenues is the safest course to adopt. But, in doing so, let us not be hard on the necessaries of life, particularly those of the poor. The net income from the railways is estimated to be less than what it used to be on account of the increased wages given to the employees. Here, again, would it not be proper to substitute Indian element in place of costly European in the superior service of the various departments of the railways. Expenses can thus be reduced. But anyhow coke, firewood and fodder should not be further taxed. Nor do I approve of the *ad valorem* duty on umbrellas which are a necessity in this country rather than a luxury. Increased postal rates are equally objectionable, particularly the abolition of the half anna postage for letters, and raising to half an anna the quarter anna post card.

In conclusion, I have only to request the Government to appreciate the public criticism a little more than they do at present. I do not like to weep over the spilt milk, but I cannot help observing that if the Government had not disregarded the public criticism made in the Council and outside it, in regard to its exchange policy, had it not persisted last year in the sale of Reverse Councils, even after it was seriously warned not to do so, the financial troubles with which it is confronted would not certainly have been so acute as they are to-day. It is to be hoped that the Government would no longer tamper with the exchange of the country and would take the representatives of the public in greater confidence than they have been doing hitherto.

Mr. Mahmood S'Chamnad Sahib Bahadur: Sir, so much has been said about this unfortunate Budget, there is hardly any remark left to be offered by me. Some Honourable Members showered encomiums upon the Honourable the Finance Member for the lucidity and clearness with which he presented his Budget, though in the very same breath they tore him to pieces for this merciless masterpiece. Many learned Members having criticised the Budget in detail, I woud not have stood up, had I not feared being misunderstood. I am not an expert either in casting a Budget or in criticising it. I shall not detain the House long, but will only make some general remarks about one or two items. Now in dealing with the Budget let me first of all refer to the so-called currency muddle which Mr.

Bomanji has chosen to call 'organised loot'. Is this not after all owing to a miscalculation? It is true, this misguided action of the Government has caused severe loss to several people besides bringing in a large deficit in the Budget. Can one be condemned for wrong judgment, if there was no dishonest motive? To err is human. The Government is after all human.

The next item that looms large in the minds of the people is the extraordinary military expenditure for which I don't see my way to exculpate the Government. Can anyone contemplate with equanimity that a large percentage of the net income of the country is to be spent on military alone? Is this not unprecedented and unparalleled? Is there any country in the world that spends even half as much on military? When even Great Britain, which has got a world-wide Empire to defend, spends only a much lesser proportion of her revenue on her soldiers, is it justifiable that the Indian Government should squander so much of their revenue in maintaining an army which has been condemned as being much more than what is actually necessary for defending her borders and maintaining internal peace.

Well, another anomaly is: it was said 'The actual combatant strength for the post-war army, at which we arrived last summer, is actually somewhat lower than that of 1913-14. It is for that strength that we have provided in the Budget'. If this is so, then how is it that the provision required for the ordinary charges of the army in India in 1920-21 mounts up to 58·20 crores? It is also said 'We have had to provide 129 lakhs to cover the cost of certain recommendations of the Esher Committee'. Let us grant four times that amount. Even then the difference is very large. Then, what is it owing to? It has been pointed out that 'there were two obstacles to making such reductions', and that 'Government could not be prepared to agree that in the present state of affairs in Central Asia, etc., a further reduction of our fighting forces is justifiable'.

Now, what is contended is that the present state of affairs in Central Asia, etc., was brought about not by India but by Great Britain and all the consequent charges for these affairs in Central Asia, Middle East, Near East, or wherever it is, must be borne by Great Britain. I do not mean to say we should not contribute anything to the military expenses of our senior partner at all. We are paying for our Imperial connection more than many of the colonies. I think also that India will not object to pay her share like the colonies when the scheme for an Imperial navy is launched. But what I submit is, we should not be forced to pay for an unnecessarily large army with an ulterior motive of subjugating other nations for their oil-fields or anything else, to satisfy the ambition of Imperial Britain. Therefore, I say, Sir, this war estimate must be so trimmed as to make it not much bigger than what is quite necessary for the defence of the country.

Another suggestion I wish to make regarding the retrenchment of military expenditure is the reduction of British troops in India. It has already been pointed out from an economic point of view that for every British soldier employed in India, we could employ four Indian soldiers, without any deterioration in efficiency. Sir, half the force now maintained, in my opinion, is quite sufficient for the defence of the country and the maintenance of order. Moreover, if we will not send any soldier from India to subdue other countries and nations, none will ever think of attacking India at all. This is a point that ought to be borne in mind. My Honourable friend, Dr. Gour, said yesterday that there was no fear of Bolsheviks coming to India. We would turn them back and so on. Well, I do not agree with him. For Bolsheviks are not to come here from anywhere else. Such heavy burdens placed upon the poor peasantry and masses year after year will automatically transform them all into Bolsheviks. They are not a different kind of creation. Did the Gogs and Magogs of Russia, the so-called Bolsheviks that pour into the plains of Azerbaijan and Irak come from anywhere outside Russia?

Sir, other items in the Budget have already been sufficiently criticised by many able Members, and so I do not wish to say anything more on them.

Now, as regards fresh taxation, I am quite against the idea of burdening the country with any new taxation at all except so far as they are protective. But the items for which the people will always remember us—by cursing us of course—are the abolition of the half anna postage for letters, raising to half anna the quarter anna post card, surcharge on goods traffic, such as, fire-wood, food-grains, and fodder, and duty on cotton umbrella and sugar.

What I propose to the House now is to vote only on condition of the whole military question being reconsidered with the help of expert non-official opinion. Otherwise, reject it altogether. It is true we have no voice in military expenditure. But how else can we show our disapproval? Mere talking and speech-making will not help any more. That stage is passed. Now we are invited to take an active and substantial part in the administration of the country. Sir, I wish, so as not to be misunderstood, to assure the House that I am not actuated by any other motive than that of impressing upon the Government the imperative necessity of curtailing the military expenditure. I may also tell the House that I am one of those who believe that the continuance of British connection with India is an imperative necessity without which the peaceful administration of the country will be impossible.

Well, many of the Honourable Members have already committed themselves by condemning the Budget and asking the House to reject it. Now, as His Excellency the Commander-in-Chief has given an assurance to comply with our request, I request the House to

consider well before voting on the Budget, as this is the only way of showing our approval or disapproval of the military expenditure and other non-votable items.

Sir, before I close, I wish to thank the Government for having allowed us to express our views on the military Budget, and the Honourable Mr. Hailey, for his frankness and plain exposition of facts. With these remarks, Sir, I resume my seat.

Munshi Mahadeo Prasad: Sir, the financial statement presented before this House is such that we cannot congratulate ourselves on it. It comes to us like the legacy of an extravagant and indebted predecessor and we, as administrators, are asked to make both ends meet. Our task is worse than that of the official assignee of an insolvent, who has the right to curtail dividend in proportion to the divisible assets in his hands. But we have to create assets for liabilities over which we had no control and with regard to the majority of which we have no right to discuss or to vote upon.

The result of the exchange rate and of the Reverse Councils has been unfavourable to the country. The discharge of the 1921 Loan and the making of a provision for sinking fund for other loans, have been staring us in the face. The depression in trade is another factor demanding solution. It is in these untoward circumstances that we have to provide for a deficit Budget as I may call it. This deficit is one which had foreshadowed its advent and had its parallels also in the past. Owing to the straitened financial condition due to the great war and its after-effects, every one of us had to feel the pinch on his private finances. Traders in imports who were well off are feeling the gravity of the situation due to depression in their respective trade circles. No amount of argument or reasoning or criticism seems to save the situation. We have to face it although very disappointedly. The Honourable the Finance Member has to be congratulated on the frankness of his statement, but, I am afraid, as a veteran Finance Member, he might have underestimated the Budget on its side of receipts.

The Army Budget and the sudden rise in the cost of administration have been dealt with by the Honourable Members yesterday and to-day. After the speech of His Excellency the Commander-in-Chief I need not dwell at length over them. I shall only submit that the general public will feel it with great disappointment. Our resources for material, industrial and national development of the country are curtailed.

There are three stages of a Financial Statement and Budget: (1) Present ation, (2) Discussion, (3) Voting on Demand. We are on the second stage. In the light of the discussion of the Budget we have to formulate principles and then to vote if necessary on demands and make provision for getting more money by taxation.

I am glad to learn that the military expenditure will undergo a review and revision and I hope the result will be a retrenchment. I may remark that Indian element if introduced on a better footing in all lines and avenues of service, military and civil, will cause very useful economy and bring about a better relation with the people whose loyalty has stood test in the Great War. I would also submit that the principle of action should be co-operation by and to the Government to guide in the future.

As to taxes, I would submit, that the means suggested by the Finance Member avoids direct taxation and may be acceptable to some. We must see all the items proposed and the convenience of the majority of the poor in levying fresh taxation.

The country is poor and its resources should be very sparingly touched. This is a matter for discussion before this House to-day and also on the 17th instant when the Bill will be taken into consideration to amend the Customs and other Acts.

We must try to make retrenchments as far as possible and then find means for the rest. The taxation proposed should not be permanent, but only for such time as the conditions may make it indispensable, say for one financial year.

In conclusion, I would respectfully submit, that in formulating taxable heads the poor resources of the rural population should be carefully considered. The import duty on foreign sugar should be raised still more in the interest of the rural population. Post-cards, half anna postage and freight on fodder and fuel should be left alone. I do not agree with Mr. Price on the abolition of deterrent measure on export of wheat and rice.

These are the few remarks that I beg to offer on the Budget.

Mr. B. P. Singh: Sir, after I have carefully heard my friends speaking yesterday and to-day, I need not take up the time of the Assembly by repeating the arguments already advanced. But, Sir, I think it my duty to endorse the remarks by only making an appeal to the Members of this Assembly to request His Excellency the Commander-in-Chief with one voice, to make a sincere effort again to reduce the military expenditure, which I am confident will not go in vain. As regards postal taxation, I am at one with the other speakers, who have preceded me, in thinking that the price of the post-card should not be raised and the half anna envelope should not be discontinued. As pointed out by the Honourable the Finance Member himself, 'cheap postal communications are of the highest importance in this country', but I disagree with him in thinking that they are a luxury which the country can no longer afford.

Similarly, I cannot refrain from remarking that any increase in goods rate in respect of such articles as food-grains, fire-wood and fodder will tell upon the pockets of the poor classes also. This increase had better be avoided.

As regards taxes on matches, I may be permitted to point out that the taxes if levied as proposed would mean that the price for the inferior class of matches will be more than that of the superior class.

The last increase in the rates of the Telegraph and the Railway farewhich was brought into operation to meet certain deficits is still in force. Considering that the word 'temporary' is very elastic, I would suggest that the period of the taxation proposed, if at all levied on goods carried by Railway and postal service, should not exceed one year as it is intended to meet the present situation only.

I agree to the increase on import duties on luxuries and liquors and I would have welcomed them more if it had been proposed that they should be-doubled.

Rai Badadur S. P. Bajpai: Sir, the task of the Members of the Assembly to-day is by no means an easy or enviable one. On the one hand they have to prove their fitness for responsible work by dealing with the Budget as practical men and on the other they have to zealously protect the interests of the people by looking carefully into their economic condition. We are all aware, that the Budget for the year 1921-22 has met with universal condemnation in the Indian Press. It has been characterised as dismal, gloomy and disappointing.

The epithets will certainly look quite appropriate when we notice a huge deficit of $18\frac{1}{3}$ crores, unprecedented military expenditure of $62\frac{1}{5}$ crores against an estimated income of $110\frac{1}{2}$ crores and fresh proposals for taxation.

To my mind, Sir, no new purpose will be served by entering into a discussion as to how far the losses suffered are due to the exchange policy pursued by the Government last year. Say whatever you may, the fact remains that the exchange muddle has done incalculable harm to India's business and has brought to the grave many a famous business-house in the country.

Turning to the practical side, I notice with pain that in spite of the protests of the educated Indians, the military expenditure of the country has been growing by leaps and bounds.

It appears from His Excellency the Commander-in-Chief's speech, that the combatant strength of the army has already been reduced. Be that as it may, the fact remains that the military expenditure of India is out of all proportion to its revenues and must be considerably retrenched. India cannot afford to spend 50 per cent. or rather more on the upkeep of an army for maintaining peace and order in the country. I am quite conscious of the peculiar position of India and am always ready to support the Government in maintaining peace and order in the country and protecting the frontiers from the raids of the tribes living on the Afghan border ; but, I think, it is still possible to reduce the military expenditure if the Government trusts us, if it sees its way to Indianise the army, and if it throws open King's Commisions to Indians, who, be it remembered, loyally stood by it as one man even against Turkey, during the dark days of the war. I would also suggest that no time should be lost to raise a citizen army in India.

Sir, I feel and feel strongly that the administration of India, both civil and military, is top-heavy for a poor country like ours. We ought to set our house in order if we want to exist. With this object in view, I shall most respectfully suggest that time has come to form a committee of this House to advise the Government to retrench the expenditure wherever possible. It will not do to resort to fresh taxation every year.

India is already over-taxed. I may inform the House that Local Bodies at least in the Provinces of Agra and Oudh, are formulating schemes to tax the people. Provincial Governments will also have to devise ways and means to raise money if transferred subjects are to be administered beneficially.

5 P.M.

All this burden will eventually fall on the poor Indian tax-payer. The condition of the masses is really deplorable. Those of us who have got landed property know the real state of affairs.

Nearly 80 per cent. of the people in the villages live on one meal a day which consists of barley or gram bread and salt. They have practically no clothes to wear and no houses to live in. Is it fair, I ask, to tax these people directly or indirectly? I, for one, say, no. I would have certainly voted against the proposals for taxation but I fear I shall embarrass the Government if I do so. I, therefore, suggest that the deficit may be met partly by floating a loan and partly by resorting to taxation. The proposed taxation should remain in force for one year only unless the Retrenchment Committee fails to make definite recommendations to reduce the expenditure. Five crores required for extraordinary military expenditure and initial expenditure on New Delhi might be obtained by floating a loan. With regard to specific proposals for taxation I shall make the following suggestions for the consideration of the House and the Honourable the Finance Member :

(1) The general *ad valorem* duty may be raised from $7\frac{1}{2}$ per cent. to $12\frac{1}{2}$ per cent.

(2) Duty on imported liquors may be doubled.

(3) Ordinary umbrellas, watches and clocks should not be treated as articles of luxury. In a tropical country like India, umbrellas are indispensable for about 8 months in a year.

(4) Duty on imported sugar should not be less than 15 per cent.

(5) Fodder, fire-wood and food-grains should be exempted from railway surcharge proposed in the Budget. Fodder and fire-wood are already sufficiently costly and it will not be desirable to make them still more costly.

(6) Half-anna postage for letters and quarter anna post-cards should not be abolished. Besides affecting the poor, the proposal, I am afraid, will give an impetus to the non-co-operation movement. Therefore, I think, it will be desirable to abandon the proposal.

(7) Many Indian Newspapers still do not pay their way. I think it will be very hard for them to bear the extra burden thrown on them by raising the initial rates for Registered Newspapers.

The Honourable Mr. W. M. Hailey : (On rising to speak was greeted with applause) I take that manifestation, Sir, as a sign of relief that a long debate is drawing to its final stage. Now, Sir, I have in my hand so many notes of what has been said to-day, notes which refer to so wide a range of subjects, that I am sure that my Honourable friends here will not accuse me either of lack of attention or of discourtesy if I must perforce omit to notice many of the criticisms which have been delivered in the course of this debate. I shall make no further prelude; and will go as quickly as possible to my task. There are some points I shall purposely pass over; I shall not, for instance, linger to answer the demand made by Mr. Majumdar that we should cease to take the water out of our rivers for irrigation purposes, instead of leaving them (as I conjecture is his desire) for aquatic recreations. My Honourable friend Mr. Sarma must be left to explain his reluctance to give up 26 million acres of canal irrigation. There is a second class of question, Sir, of much more serious importance, but which I must also pass by. I cannot notice, for instance, although I should wish to do so, Mr. Neogy's claim for a smaller provincial contribution from Bengal, or, for the abandonment to Bengal of our jute export duty, amounting to something like 2¼ crores of revenue; that must be argued separately since it does not arise explicitly out of the Budget. There is a third class of matter which I have noted, but which I must also omit, not because it is unimportant or out of place, but because it will fall more properly into discussion when we come to deal with a later stage of the Budget debates. I mean the suggestions that have been made such as that of Mr. Spence regarding the substitution of primage for a surtax, or that of the exemption of mill stores put before us by Mr. Rahimtulla and Sir Jamsetjee Jeejeebhoy; further, such questions as those relating to the definition of the size of boxes of matches, or the inclusion of bicycles among luxuries to which Haji Waziuddin referred. The House will, I think, find it more convenient to deal with these points when we come to the Finance Bill.

There is a fourth and perhaps the most prolific class of criticism with which I do not propose to deal, namely, that relating to military expenditure. Sir Devaprasad Sarbadhicari asked me why I had left it to His Excellency the Commander-in-Chief to justify military expenditure. I ask the House whether it was not proper that I should do so? When we have with us a soldier of his reputation, of his administrative ability, and if I may add also of his value to the nation, was it not proper that I should leave it to him to justify the expenditure which we have decided to put in our Budget for the Indian army in the coming year? The Executive Council of India is, at all events when it comes to face the rest of the world, a united body. Many questions arise for discussion within it, and when these questions happen to involve fresh expenditure, they are seldom not passed by without considerable debate; sometimes, our debates even go to a length in which our sense of duty to our views overtakes the dictates of amiability. But, Sir, when these questions have been discussed, re-discussed and decided, then the decision is that of the Government of India as a whole. I think that some Honourable Members here suggested—at least they seemed to me to suggest—that the claims of military expenditure have been so great that I was unable myself to defend them. Now, Sir, I have refrained from defending them, not because I could not, or would not do so, but exactly for the reason I have given. It is the constitutional procedure at Home, and it should, I think, be the constitutional procedure here that each head of expenditure should be defended, not by the Finance Member, but by the head of the Department which that expenditure concerns. If that practice is correct, military expenditure could have no abler, no more responsible exponent, than His Excellency the Commander-in-Chief.

Now, having cleared away these preliminaries I come to one criticism of which we have heard a great deal in the course of this debate, and which I must answer. I ventured, when I addressed this House on March the 1st, to refer to the increased responsibilities of this Council in regard to the Budget. I pointed out that Government no longer had the undivided responsibility for it. That statement has been criticised by more than one Member; it has been asserted that the responsibilities of this House really come only to this, that it is asked to provide taxation, while it has been denied the power to vote on the great bulk of the expenditure proposed to it. We have had put to us various calculations as to the proportion which votable bears to non-votable expenditure. Mr. Rangachariar told us there were only, say 24 crores of what he turned 'touchable' expenditure. Mr. Joshi said there was only one-fourth; I think that was also repeated by Colonel Gidney. Now, Sir, I have had an exact calculation made by my friend Mr. Aiyyar, and I think the House would be very well advised, when it desires an exact statement of facts and figures to do what we always do in our Department and that is implicitly to trust Mr. Aiyyar. His calculation is, that the votable expenditure charged to revenue is just over 94 crores, and that charged to capital is 18 crores, total 113 crores. Non-voted expenditure charged to revenue is 105 crores, and charged to

capital about 6 lakhs, making a total of just over 105 crores. The law has been framed not by us, but by Parliament; and these figures will, I think, dispose sufficiently of the charge that the House is allowed no sufficient voice in the expenditure of the Central revenues of India. Now, Sir, as to the second point. One very common charge against our Budget proposals is that, though we put it forward as a Budget of economy, it is really a Budget of extravagance. Mr. Venkatapathiraju even went so far as to use a term which has been used a good deal in England, but of which I am proud to say we have heard less in India; he accused us of squander-mania. Frequent references were made in the course of the debate to the new departments we have added, to the constant new officials we have appointed, and that in a year of deficit. Now, Sir, what new departments have we added? Arrangements are being made for the constitution of the Industries Department under Honourable my friend, Sir Thomas Holland. Does the House desire that we should not proceed with the proposals of the Industries Commission? I may point out that that department when constituted will be smaller in size than the temporary Board of Industries and Munitions of which it will take the place. Reference has been made to our extravagance in appointing an officer who is called the Inspector of Offices. I was astonished to hear that criticism coming from gentlemen from Bengal, because the officer in question was employed by the Bengal Government and by the High Court, and Bengal gentlemen should know the value of such a post. We created it on the report of the Llewellyn-Smith Committee; we agreed with that Committee in believing that this appointment would not only be invaluable to the proper working of the Secretariat, what is more important, we considered it likely to assist us in effecting considerable economies. Now, if it is put to us that an officer is likely to effect economies and the officer is not, although he is an expert, unduly expensive in himself, are we to refuse to attempt these economies? I may say, I think, with authority that one result of the appointment of this officer was that we were able to use his services in an examination of the strength of the temporary staff which was kept up in several branches in Simla, and I think a saving has already been effected of about two lakhs of rupees in one department. If the House would like after that to vote for his removal, it will still have an opportunity of doing so; but I think that it would not be well advised if it did.

Then, Sir, we are told that our own administrative budget shows extravagance because we have not allowed for the fact that the advent of the Reforms will result in many of our departments having reduced work. We are told that the Education Department must be reduced, that the Revenue Department will have little to do, possibly even that the Home Department, can be cut down. That may be so, Sir. For the present, however, I can say that with some considerable experience of the Government of India—for I think I first officiated here in 1899—and also with some experience of administrative work in the provinces, I have not myself known a time when work has been so persistently heavy, as it is at present in the departments of the Government of India. The reason of course is this, that we are changing all our arrangements, we are breaking up all our old rules; and it would be difficult at such a moment to make reductions in the staff. When we see the effect of the Reforms, then it will be time to consider retrenchment in the Secretariat offices. But I can give the House an assurance, an assurance born of some experience and of the possibilities of effecting economy, that just at the present moment it would not have been possible for us to budget definitely for a reduction.

Then, we have been further told,—I do not want to dilate upon the point, Sir, since Mr. O'Donnell has already dealt with it—we have been told (I think, by Mr. Rangachariar in particular), that we showed no signs of firmness, no spirit of economy, in the large increases we have given to our establish ments. Mr. Rangachariar traced the whole of our miserable downfall to the concessions given to the superior services. Now, let me repeat again to the House the figures which go to form those increases. The Imperial services have received 1 crore and 10 lakhs; the Provincial services ½ crore, and subordinate services, Imperial 4½ crores and Provincial 6 crores. Now, I ask again, with Mr. O'Donnell, does anybody seriously pretend that these large increases to the subordinate establishment were due to the greed of our Imperial services? I remember the debates in the Imperial Council on the subject of the Post and Telegraph services. I recall how we were told that we were deliberately starving these unfortunate men. The Honourable Member says: 'You should have been firm from the first,' and his speech almost carried an implication that those who organised industrial labour or took up the cause of our subordinates (shall I say Mr. Baptista and Mr. Wadia?) were in a species of conspiracy with the bloated bureaucrat for raising wages all round. I advise any one who argues like this to try a similar firmness in his own domestic circle or in his own factory, and then see the result; we tried to be firm on one or two occasions in connection with our own subordinate services and we were forced to give way, and I doubt not that a similar experiment elsewhere would have the same result. Finally, on this particular point, I merely wish to repeat what I said in answer to a question this morning. I take no great credit for it in any way, but I do quote it as evidence of the spirit with which we drew up this budget, *viz.*, that although departments had already cut down their demands as low as possible, they were still further reduced by my department by another 3½ crores. As for the future, Sir, we have been asked whether we intend to have a Retrenchment Committee. Well, Sir, we have the Standing Finance Committee of the House; and I would suggest that, before the House appoints another Committee or asks for the appointment of an outside body, that committee should first see what it can do in the way of retrenchment. There are all our figures before it; we are willing to meet it as often as it cares to sit and supply it with the fullest information; and I should honestly welcome a report from it

regarding the possibilities of present retrenchment. Meanwhile, Sir, we have to prepare a budget. We have been offered many solutions of our difficulties. In regard to the Army, for instance, we have had proposed to us the wholesale substitution of Indian officers for British officers (though indeed their pay is the same), and the substitution of a territorial force for the regulars engaged for internal defence. But I must come back to this point, that we must have a definite budget for the present year. What we require here and now, Sir, is not visions but provision of funds; and I have to ask the House what provision it will make.

Now, let me leave the expenditure criticisms and come to the larger questions of finance. Before I do so, I want to clear from the minds of Honourable Members some doubts that may have arisen from certain remarks that have been made to-day, and which are of sufficient importance to claim attention here. Mr. Samarth criticised strongly our manner of showing all Post and Telegraph expenditure in the revenue account. As I said in my Budget Speech, we are going into these figures with the aid of experts from Home, and when we have made a proper separation of capital from revenue expenditure, we shall be able to initiate a proper capital account. I can relieve Mr. Ginwala's mind regarding the provisional nature of the sum assigned for expenditure on military police in Burma. I cannot, however, give him any kind of hope that we can give Burma the interest on the rice money. I think the general feeling of the House will be that Burma has been lucky to get the whole of its rice money, and should be content with it without asking the interest on it also.

Mr. Kamat asked us what we propose to do with the interest on the Gold Standard Reserve and with the 3 crores interest on the Paper Currency Reserve securities. The former interest of course goes to the Gold Standard Reserve itself, the latter by the law passed last September will go to the reduction of our unbacked Currency Bills. I can relieve also Mr. Spence's mind of the doubt he expressed in regard to our exchange transactions with the War Office. These are adjusted entirely at the current rates of the day. He asks us to amortise the 3½ per cent. loan. Now, Sir, with regard to that, I can only inform the House at this stage that we have agreed to meet experts on the subject and to see what steps can be taken to improve our 3½ per cent. securities. For the present, I can promise no more than that. He suggested that we should return to our former practice of investing a moiety of our Paper Currency Reserve in railways. There was, Sir, a time up to about 1896 or 1897 when we had 42 per cent. of our reserves in our own securities, but at the time when war broke out, we only had 10 crores in our own securities, against a total note issue of 75. I would refer him to our discussions on the Paper Currency Act of last September; it was then decided to limit our investments in our own securities to 20 crores. To exceed that figure would require the alteration of a law which was, I think, accepted at the time as a sound and suitable disposal of our paper currency reserve investments. One other point Sir Jamsetjee Jeejeebhoy suggested that the London money-market might be more generous to us in the matter of loans, because we had large funds there which we gave out from time to time on loan to the market. I think that he has in his mind recollections of a controversy of some years ago. At all events, I can say that at present we keep in London little more than till-money; our usual balances there are not more than 4 or 5 million, and I do not think there has been a time in these twelve months when our balances have been greater than six. With the constant demand on the Secretary of State for current payments, that leaves very little margin for making loans to the London money-market.

Now, Sir, as regards the larger question of exchange which has been so much debated in the course of this discussion. Many critics have not accepted my claim, that our own exchange policy has not been responsible for the present trade depression, for the present excess of imports, for the present defect in exports. Mr. Jamnadas in particular,—and I think he found support from Mr. Shahani and am certain that he did from Mr. Shabbuddin —told us that our artificial rate of exchange has hampered export. Well, Sir, this is a matter of opinion. But in order that the House may form a correct opinion, I would like it to remember that before the Currency Committee reported the rate of exchange was already 2*s.* 4*d.* and that when silver subsequently rose, exchange must almost inevitably have risen in any case. The responsibility thus cannot be entirely ours. There was a high rate at the time that we adopted our policy, and that would inevitably have been followed by even a higher rate even if that policy had not been adopted. Mr. Jamnadas told us also that our anticipations that the balance of trade would remain in our favour was shared by no one; he told us indeed that we were fully warned to the contrary. He told us, in particular, that Mr. Dalal had so warned us. Well, Sir, I took the trouble after hearing his speech to look up the Minority Report again, and I should be very grateful to him if he were to point out the passage in question, for it has escaped my search. I believe there was a general opinion in India that we were in for a trade boom which would last for a good twelve months; if warnings were delivered to us at the time regarding the evanescent nature of the prosperity which we saw before us, then they were so few and rare that, I am afraid, they escaped not only our attention, but that of most other people. Now what are the real facts regarding what some Honourable Members here have called the exchange muddle? Mr. S.'Chamnad went further and applied an expression of which we heard a good deal some time ago, namely, 'organised loot.' Well, Sir, if Mr. S.'Chamnad wishes to use that expression again, I would strongly advise him to look up the answer gave to a question which an Honourable Member put me two or three days ago, and read carefully through the names of the gentlemen who hastened to profit by this 'organised loot.' I see, Sir, my Honourable friends from

Bombay appreciate the meaning of my allusion! But the question I have set myself, and propose to answer now is this; what has been the effect of what has been called the exchange muddle, on the budget of this year? I am not talking of its effect on our sterling resources, nor of its effect on our commitments for the future. I ask what has been its effect on the budget of the present year, because it is the present year's budget on which we are now debating and with which we have to deal. A great deal of prejudice has been created throughout the country,—I am not going to charge any particular Member of this House with this—but a great deal of prejudice has been created by statements that we have lost a vast number of crores by selling our Reverse Council Bills, and have a large deficit in consequence. Well, I want to put that to the test. How much additional taxation have we been obliged to propose now on account of what some of our friends described as our mistakes in regard to selling Reverse Councils? Let me take the items. You have 5½ crores of loss on exchange. That of course is not due in any way to our Reverse Council policy. That merely represents the actual cost that we anticipate we shall have to meet in sending money Home. We may, as Mr. Spence says, have under-estimated the cost, but the cost will not be in any direct way due to what we did last year. Then you have 2½ crores increase in interest charges owing to the larger issue of Treasury Bills to the Paper Currency Reserves, and 3 crores loss owing to the ear-marking of interest on Paper Currency Reserve investments to the discharge of our Treasury Bills issued to the Paper Currency. Now little, I will not say none, but very little of that can be attributed to our selling of Reverse Council Bills. This loss is due mainly to our carrying out the Currency Committee's recommendations in another matter, that is, the substitution of Indian Treasury Bills for British Treasury Bills and the ear-marking of the interest to the reduction of created securities. The only portion of next year's deterioration which can be attributed to the Reverse Council Bills policy is the interest on that portion of the issue of Indian Treasury Bills to the Paper Currency Reserve which exceeds the deficiency in the reserve due to the revaluation. That, I submit, is an accurate statement of the case. Well, Sir, that loss may come to about 75 lakhs a year at most, perhaps a little less.

Therefore, I would ask Honourable Members here and their friends outside, when they hear people talk of the way in which Government has thrown crores of rupees into the sea, and adding the implication that because we have thrown these millions of rupees into the sea, we must have to tax the country heavily for it,—if they hear such insinuations, I beg that they will stamp them as incorrect.

So far I have been dealing largely with questions of controversy, and points of difference arising out of the acceptance of the Currency Committee's policy and our manner of trying to make that policy effective. The vital question to many Members however is rather this; what has been the effect of that policy after all on the mercantile community? What can we do to help the importers in the difficulties in which they are now involved? I think that the mercantile community, whose views were expressed by Mr. Price, found perhaps at the same time their fullest exponent in Mr. Manmohandas Ramji. Mr. Ramji strongly deprecated the use of certain expressions which occurred in the speech which I made on the 1st of March. He said that I had attacked Indian commercial morality. Now, Sir, I have never attacked Indian commercial morality, and nothing that I said on that occasion could justify the assertion that I had done so. What I did say was, that commercial morality in my opinion would forbid wholesale repudiation. I added that if there were wholesale repudiation it would affect India's international credit. I hold to both those statements and it is not necessary for Mr. Ramji to remind us that the credit of India's merchants stands as high as that of any merchants in the world. I will not admit that I attacked or meant to attack the morale of India's merchants; for I am well aware of the high morality that prevails in the best commercial circles in this country, and should not seek to disparage it. I am glad of one thing at all events, *i.e.*, that Mr. Manmohandas Ramji has repudiated a suggestion that was made to Government, namely, that Government itself, in other words, the general tax-payer should bear the losses of the difference in exchange owing to the fact that Government has not made good its policy and has thereby led importers into entering into large bargains which they cannot now comply with. Lest the House should misunderstand anything that has been said on the subject, I desire to add that that proposal was not put forward in a Resolution placed before the Associated Chambers of Commerce. I understood him (perhaps incorrectly) to say that he had noticed that I had thought fit to attend a meeting of the Associated Chambers of Commerce and, Sir, if I did think fit to do so, I have no doubt that there are a good many commercial men who will agree that it is a good thing that Government, purblind and hidden away in the cloistered recesses of Delhi and Simla, should send Members down to attend such Conferences. The proposal as I say was not put forward to by one of the Chambers of Commerce, but was mentioned to the Conference as having been recommended by the Sat Narain Association of Karachi. I gather that Mr. Price, who also spoke on the same subject, is in accord with Mr. Ramji in repudiating that proposal . . . .

Mr. E. L. Price: Sir, I never heard of the suggestion before.

The Honourable Mr. W. M. Hailey: I am sorry, Sir, if I introduced Mr. Price's name; if he has hitherto not heard of the proposal, then if when he gets back to Karachi that proposal is put before him, I feel I shall find another supporter.

Repudiating then this suggestion, Mr. Manmohandas Ramji put forward his own remedy. He suggested that we should convene a committee which would represent both shippers and importers and should seek from them a solution of the present difficulties, great difficulties

which everybody acknowledges to exist. The present difficulties between the importers and the home . . . .

Mr. Manmohandas Ramji: If I may be allowed to say one word about it, I never asked the Government to call a committee. I said we attempted to ask the Chamber of Commerce to come to some arrangement. In my first statement I said that we had not approached Government and would not approach Government.

The Honourable Mr. W. M. Hailey: I am sorry, Sir, if I misunderstood the Honourable Member and I can then very easily pass from that point, for I feel that from him I have support in the belief that direct action by Government could not very profitably be taken in that connection. Mr. Price, Sir, appealed to us in feeling terms to do what we could to set this unhappy position right. Now, Sir, I was moved, and no one could help being moved, by that appeal. Need I say that if we could see any remedy, if we could see any solution, in any action that we ourselves could take, we should do our best to adopt it? It is only because we have not ourselves seen any immediate solution for the present trade depression in any action that Government could take, that we have decided that for the present we must remain inactive. I admit that it is not a happy conclusion, or one which we can welcome. But Mr. Price put before us definite and concrete proposals. He does not believe in any system of international credit. He believes, however, that we could restore the position by removing the restrictions on the export of food-grains. Now, Sir, the House is already aware from debates that have taken place in the Council, that the restrictions on the export of rice at all events are little more than nominal. As regards the restriction on the export of wheat, I would remind the House that in a Communiqué issued by us we announced that we would allow not more than 450,000 tons to go out before the 31st of March, and therefore we have felt ourselves bound to maintain that restriction up to that date. If the Honourable Member can do anything to convince the urban interest that restrictions on the export of food-grains are a bad thing to India, let me tell him that he would have a supporter in the Finance Department. For the restriction is not a financial one at all, Sir, it was imposed purely for administrative purposes. Then, Sir, he would re-introduce the tax on silver. I only want the House to realise that strong as was Mr. Price's condemnation of the evil effect of the free import of silver in weakening our exchange, its actual effect on the balance of trade is not so great as the warmth of his condemnation would lead one to suppose. In the month of January, the import was valued at only 78 lakhs of rupees. I cannot believe that 78 lakhs of rupees would have any permanent or pronounced effect on the balance of trade. If the import goes on, however, it is clear that might it have a very real effect on the balance of trade; and I should then have to go down to Bombay, which has always been a very strong advocate for the free import of silver, and which resents our touching in any way the precious metals,—I should have to go down to Bombay and ask them whether they thought it was advisable to re-introduce the tax on silver. Then, finally, it is suggested that we should remove the export duty on hides and tea. That is a proposal which has found an answering echo, Sir, from Mr. Spence and Mr. Pickford. I shall say little about that export duty here, because other occasions will arise in the course of the budget debates. I would only remind the House here that it would cause a gap of about a crore and a half of rupees. It may be true, as Mr. Pickford says, that we are unduly optimistic in hoping to get that revenue this year from hides and tea; but the immediate point for me is that something up to a crore and a half of rupees would disappear from the budget and would have to be made up some how.

Now, Sir, I come to another important question, also a question, which has been a great deal commented on by men highly qualified to speak on the subject in this House, I mean our provision for railways in the coming year. Sir Frank Carter, no doubt, voiced the universal opinion of the Presidency-towns, when he said that our proposals are entirely inadequate to meet the pressing demands for Capital expenditure on railways. That is certainly the view which has been largely held in the Press. It is the view which has been pressed upon us by the Chambers of Commerce. I do not, I may say, agree with all Sir Frank Carter's figures. He has told us that we had never acted up to the recommendation of the Mackay Committee that we should spend 12½ millions a year. But in 1913-14 our budget was 12⅔ millions, followed by an appropriation in 1918-19 of 17¾ millions and in 1919-20 of 21 million £. He hoped that we would not reduce that small provision of 15 millions which is put in the budget. I see no reason why we should do so; if the House accepts the provision, nothing short of a national calamity should make it necessary to remove it. As we ourselves recognise, it is not a magnificent provision for railways; but I must again put to the House the difficulty of raising fresh sums of capital money on a large scale unless we are prepared to pay exorbitant rates for it. I must again put to it, as I had to put to it in the course of the debate on Mr. Rangachariar's motion the other day, the effect which such a measure would have on our 3 and 3½ per cent. securities and therefore, on the immediate credit of the Government in its loan market. For the present, therefore, I can see no chance that we should be able to increase that sum of 15 million £.

I have been dealing with loans. That brings me to another suggestion put forward to-day, a suggestion which I hope has made the blood curdle of every sound and orthodox thinker in this Assembly. It is the proposal that instead of trying to make our accounts square this year either by reducing our expenditure or by increasing our revenue we should meet our immediate obligations by a loan. I have already given to the House the reasons why I think we should not raise even for productive purposes a larger loan than that which I have placed in the Budget, and those reasons, of course, apply with even greater

force against any extension of our loan programme, in order to meet recurring expenditure. If, as a matter of fact, we were not successful in extending our loan, then we should be obliged to supplement the deficit by Treasury Bills, in other words, by adding to our floating debt, and if we could not raise Treasury Bills, we should have to resort to printing unbacked currency notes. I had ventured to hope, that on March 1st I had put forward the arguments against any such unsound and unhealthy way out of our difficulties with sufficient force and emphasis to prevent such suggestions being repeated. May I ask Mr. Sircar and Mr. Shahani, what, if we attempt to meet our difficulties by loan now, what we are going to do next year? You may make some retrenchment; but that cannot meet the whole case; and if you are going year after year to meet deficits by loan, you are adopting a course which you would not follow in your own domestic finance, nor in your private business finance. I maintain that you are not justified in urging Government, responsible as it is for the general finance of this vast country and all that this implies, to adopt a course which you would rightly consider unsound in your private concerns.

Now, Sir, I have spoken at some length, because I have been anxious to meet the points that have been raised by many Honourable Members. But the House is entitled to stop me with a definite question. It is entitled to say, 'You have heard what we had to say on the subject of your proposed expenditure and the arguments we have used against your proposed taxation; what are you now going to do? Are you going to reduce your military budget? Are you going to cut down military and civil expenditure sufficiently to make it unnecessary to proceed with your scheme for increased taxation, or at all events, to reduce considerably your scheme for increased taxation?' I appreciate fully the fact that many items of our proposed taxation have been opposed in the debate in this House. I appreciate that our proposals in regard to the surtax, so far as it embraces firewood, fodder and fuel, are not in favour. I realise that our proposals in regard to postage have met with strong criticism. There is, on the other hand, except in details, little opposition towards the proposed increase in tariffs. I do not think that the House can ask that I should give an immediate answer to-day on the question of what immediate action we shall take. We have, in the first place, to await the results of the numerous amendments of which we have received notice in regard to the demands for grants; that is to say, we want to get through the 'supply' stage first of all, and see how far our proposals for expenditure will stand the votes of the Assembly. It is only when we have finished with demands for grants, that we can be in a position to make an announcement to the House as to the effect of these votes on our proposals for taxation. That, Sir, is my answer to that immediate question.

I must now detain the House no longer. I am beginning to feel that I perhaps stand before you to-day in a double capacity. When I spoke on March 1st, I was only the Finance Member. But my family, who I am glad to say, keeps me up to date in these matters, informs me that a newspaper has stated since then that I am the 'enemy of mankind.' Now, Sir, I do not resent Press criticisms, for I have always found myself that they supply one with just that touch of humour which is necessary to carry one through the sometimes dull routine of official life. But I mind it the less, on this occasion, because the House has not approached this Budget, nor we as its author, in at all the same spirit. The House has approached the Budget in a spirit which I am glad and proud to welcome. If I refer to the matter at all, it is only because I have detected outside this Chamber, and I think once or twice also in this Chamber, a suggestion that we on our side were not sorry to be able to place upon this House their share of the responsibility what some here have called this gloomy and unsatisfactory Budget. Now, Sir, if anybody here in this House really feels this, I say that it would show a less generous spirit than I have been accustomed to find in this House. We the representatives of Government here are not able to dissociate ourselves in any way from the Legislature in which we sit and for whose support we must now look. It is because we feel this, that we have been perfectly frank with the House, perfectly frank and perfectly honest. We have put forward a Budget which we believe to be honest throughout, honest in its attempt to take a broad view of our difficulties, honest in its attempt to keep down fresh expenditure for the present year, honest in its attempt to place the burden on the shoulders that can best bear it. I say that we have done our best to be honest with you; and I protest against any suggestion that we can now take up any attitude which would dissociate our interests from yours. I realise, Sir, that there may be many points in which this House will differ from us in regard to taxation. There may be points in regard to which they may desire to curtail our expenditure. But I can only hope that as Carlyle once finely said, though the difference between us may remain, it will remain a difference of opinion only. Let no one believe for an instant that our objective and your objective in this or any other matter is, or can be, different.

Rao Bahadur T. Rangachariar: May I point out, Sir, with reference to the statement of the Honourable Mr. Hailey as to the figures for voted and non-voted on page 123, we find that 24 crores 55 lakhs are submitted to vote and 104 crores and 13 lakhs are not submitted to vote.

Mr. A. V. V. Aiyar: May I draw attention, Sir, to the footnotes on pages 116 and 117 of the Budget Statements which show that there are large items of expenditure inclusive of 58 crores on account of working expenses of railways which are shown as voted and appear as deduction from revenue. If these items are taken into account, the figures quoted by the Honourable Mr. Hailey are quite correct.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Wednesday the 9th March 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—LIST OF DEMANDS.

THE SECOND STAGE.

Expenditure from Revenue.

Mr. C. A. Innes: Sir, I beg to move

'That a sum not exceeding Rs. 66,95,000 be granted to the Governor General in Council to defray the charge which will come in the course of payment during the year ending the 31st March 1922, for the administration of Customs.'

Customs.

Sir P. S. Sivaswamy Aiyer: Sir, I beg to move this Demand, that the item . . .

Rao Bahadur T. Rangachariar: My motion on this head comes first, Sir.

The Honourable the President: The motion which stands first on the original list of motions is one which can only be moved when the vote as a whole is put from the Chair at the end. Demands for individual reductions of parts of the vote must be put first, otherwise the Honourable Member's motion excludes all the others.

LIVERIES AND CLOTHING FOR SUPERIOR OFFICERS.

Sir P. S. Sivaswamy Aiyer: Sir, I beg to move

'That the item on page 2 of this* Bluebook under the head of Customs, Liveries and Clothing for Superior Officers, Rs. 1,000 be cut out.'

I can understand the necessity for liveries and clothing for inferior officers or menial servants, but I do not understand the necessity for liveries for superior officers, or for clothing for superior officers, or for making a provision for these things at the expense of Government. That is my reason for this proposal to cut out the item Liveries and Clothing for Superior Officers.

Mr. C. A. Innes: I should like to explain, Sir, that the different Local Governments are responsible for the direct administration of Customs, and they prepare these Budgets. I have no definite information as to what Liveries and Clothing for Superior Officers means, but I think I am correct in saying that it is a grant of a small amount of Rs. 30 a year which is given to Preventive Officers for the uniform which those officers are required to wear. In the circumstances I hope that the House will allow this small charge to stand. It does not actually refer to superior officers. I do not think it is intended to supply the Collector of Customs with khaki shorts and shirts. It is only intended for these Preventive Officers.

Sir P. S. Sivaswamy Aiyer: What is the pay of these officers?

Mr. C. A. Innes: Their pay ranges from Rs. 40 to Rs. 300.

The Honourable the President: The question is*

'That the item on page 2 of this Bluebook under the head of Customs, Liveries and Clothing for Superior Officers, Rs. 1,000 be cut out.'

The motion was negatived.

REVISION OF ESTABLISHMENT OF MADRAS CUSTOMS HOUSE.

Mr. B. Venkatapatiraju: I beg to move

'That lump provision for revision of establishment at the Madras Customs House be reduced by Rs. 50,000.'

At page 3 we find that the lump provision for revision of establishment at the Madras Customs House is Rs. 1,50,000. My proposal is to reduce it by Rs. 50,000. My chief ground is that of economic considerations.

I think if the Government will take into consideration the present situation and deficit in the Budget, they might as well be satisfied with a less amount, and I think that this amount of Rs. 50,000 can very well be spared.

* Demands for grants for expenditure of the Central Government for 1921-22.

Mr. C. A. Innes : This provision is for the revision of the pay of the establishment of the Customs House. I agree with the Honourable Member that the provision which is being made by the Government of Madras is excessive having regard to the existing cost of these establishments. I am quite prepared to agree to the reduction of the grant by Rs. 50,000.

The Honourable the President: The question is

'That lump provision for revision of establishment at the Madras Customs House be reduced by Rs. 50,000.'

The motion was adopted.

Mr. J. K. N. Kabraji : May I ask if clause (*a*) has been dropped in Mr. Venkatapatiraju's motion ?

The Honourable the President : Clause (*a*) happens to be printed in the wrong place—it refers to all votable items under Customs. Therefore, the motions for reduction dealing with each Government item in particular take precedence of motions dealing with the whole.

ESTIMATE FOR LOCAL ALLOWANCES.

Mr. B. Venkatapatiraju : Sir, on page 4 I see that last year in the Budget, Rs. 69,576 was the estimate for local allowance. This year it is Rs. 94,139 I beg to move

'That the Government reduce it to last year's estimate.'

Mr. C. A. Innes: These local allowances are given to meet the high cost of living in Bombay. The only explanation I can offer for the increase in the estimate for local allwance is that, as will be seen from the details of establishment on page 4, the establishment has been increased. That increase is probably the reason for the increase in the amount of local allowances.

Mr. B. Venkatapatiraju : May I ask why, in the Budget for 1919, there was no provision for local allowances ?

Mr. C. A. Innes: I can only suggest, Sir, that the local allowances were given owing to the increased cost of living during the last two years. My friend Mr. Aiyer has explained to me that the Local Government has given these allowances to its own staff, and that the Customs establishment are given allowances on the same scale.

The Honourable the President : The question is, that local allowance (page 4) be reduced from Rs. 94,139 to Rs. 69,576.

The motion was negatived.

CUSTOMS RECREATION CLUB.

Sir P. S. Sivaswamy Aiyer: Sir, I rise to move

'That the item at the end of page 4, 'Contribution towards the maintenance of the Customs Recreation Club Rs. 2,400,' be cut out.'

I am not aware of any principle underlying this proposal to contribute towards the maintenance of the Customs Recreation Club. I do not know that the Government make any provision for recreation clubs for other departments, and I see no reason why a recreation club should be provided for the Customs Department alone. In any event, there is no justification for this provision, and I move that it be cut out.

Mr. C. A. Innes : I must explain, Sir, that this contribution towards the maintenance of the Customs Recreation Club is made from certain fees which are collected from steamers and owners for work done on Sundays. We collect from steamers and owners fees for overtime, that is, we charge them for the work performed by our preventive officers, who have to be on duty when steamers work at night or on holidays and Sundays; and in order to reduce, as far as possible, the working of steamers on Sundays, we make a special additional charge for Sunday work. It has been ruled by the Secretary of State—and I think rightly—that as this charge is levied for this particular object, that is for the purpose of reducing Sunday working, that Government ought not to make any profit out of these special fees. The consequence is that these fees or the bulk of income are devoted to charity in Calcutta and Rangoon and also in Bombay to a less extent. I quite agree that the whole question of the disposal of these fees requires looking into, and I have now on my table a file which I have not yet had time to study regarding these Sunday fees. I hope to be able to regularise the distribution of these fees on uniform lines throughout all ports. But I think this House will recognise that since the fees are derived from the work of the preventive officers on Sundays, it is only right that we should devote a small portion of these fees to welfare work among our preventive officers. It is a small contribution and one of long standing. In these circumstances I hope the House will not accept the motion.

Babu K. C. Neogy : May I inquire whether the Club is open to the Indian employees of the Customs Department?

Mr. C. A. Innes : I have no information, Sir. It is a Customs House Club and I presume therefore that it is open to all.

Sir Jamsetjee Jeejeebhoy : May I inquire where the Club is situated. Is it in the three ports the Honourable Member mentioned just now?

Mr. C. A. Innes: I think that in all major ports there are these Recreation Clubs. In Calcutta we make a small contribution from the Sunday Fees Fund not to any Club, but to a service fund established to help junior Preventive Officers and Members of their family in cases of sickness. In Rangoon a very small contribution is made to the Customs Club, and in Bombay, as I have explained, this small contribution is similarly made to the Recreation Club.

Dr. H. S. Gour: May I inquire what proportion this Rs. 2,400 represents to the total amount of fees realised?

Mr. C. A. Innes: The answer to that is that the rule is that any contributions made from these fees must not exceed the amount of fees levied in the year.

Mr. Eardley Norton: Is there any separate Recreation Club in Madras?

Mr. C. A. Innes: There are no Sunday fees in Madras.

Mr. S. C. Shahani: May I inquire if overtime allowance is given to those who work on Sundays?

Mr. C. A. Innes: Yes.

Mr. E. L. Price: What is done with the overtime fees and Sunday fees that we pay in Karachi?

Mr. C. A. Innes: Overtime fees are paid entirely to the men. As regards the disposal of Sunday fees in Karachi, as I have said I have got the question now under examination. I think that Government takes most of the special Sunday fees. If so, the practice is not in accordance with the standing orders. That is why I propose to examine the whole subject.

The Honourable the President: The original question was

That a sum not exceeding Rs. 66,95,000 be granted to the Governor General in Council to defray the charge which will come in the course of payment during the year ending 31st March 1922 for Customs'

since which an amendment has been moved

'That the provision of Rs. 2,400 for contribution towards the maintenance of the Customs Recreation Club be omitted.'

The question is, that that reduction be made.

The Assembly divided as follows:

AYES—51.

Aguihotri, Mr. K. B. L.
Ahmed, Mr. K.
Alli Buksh Muhammad Hussain, Mr.
Amjad Ali, Mr.
Ayer, Sir Sivaswamy.
Ayyar, Mr. T. V. Seshagiri.
Bagde, Mr. K. G.
Bajpai, Mr. S. P.
Barua, Srijut Debi Charan.
Bhargava, Mr. J.
Bishambhar Nath, Mr.
Currimbhoy, Mr. R.
Dalal, Sardar B. A.
Das, Babu Baraja Sundar.
Dwarkadas, Mr. J.
Ghose, Mr. S. C.
Ghulam Sarwar Khan, Mr. Chaudhuri.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Hajeebhoy, Mr. Mahomed.
Hussanally, Mr. W. M.
Iswar Saran, Mr.
Jatkar, Mr. B. H. R.
Jejeebhoy, Sir Jamsetjee.
Lakshmi Narayan Lal, Mr.
Latthe, Mr. A. B.
Mahadeo Prasad, Mr.
Majumdar, Mr. J. N.
Misra, Mr. Pyari Lal.
Mitter, Mr. N. C.
Mohammad Schamnad, Mr.
Mudaliar, Mr. Sambanda.
Muhammad Hussain, Mr. T.
Mukherjea, Babu J. N.
Neogy, Babu Khitish Chandra.
Pyari Lall, Mr.
Ramji, Mr. M.
Ranga-Chariar, Mr. Tiruvenkata.
Rao, Mr. P. V. Srinivasa.
Reddiyar, Mr. M. K.
Samarth, Mr. N. M.
Shahani, Mr. S. C.
Singh, Babu B. P.
Sinha, Beohar Raghubir.
Sinha, Mr. S.
Sohan Lall, Mr.
Subrahmanayam, Mr. C. S.
Ujagar Singh, Baba Bedi.
Venkatapatiraju, Mr. B.
Vishindas, Mr. Harchandrai.

NOES—39

Ahmed, Mr. Zahir-ud-din.
Aiyar, Mr. A. V. V.
Bryant, Mr. J. F.
Carter, Sir Frank.
Crookshank, Sir Sydney.
Fell, Sir Godfrey.
Ginwala, Mr. P. P.
Habibullah, Mr. Mahomed.
Hailey, The Honourable Mr. W. M.
Herbert, Lieut.-Col. D.
Holland, The Honourable Sir Thomas.
Hullah, Mr. J.
Hutchinson, Mr. H. N.
Ikramullah Khan, Mr. Mirza Md.
Innes, Mr. C. A.
Joshi, Mr. N. M.
Kabraji, Mr. J. K. N.
Kamat, Mr. B. S.
Keith, Mr. W. J.
Maw, Mr. W. N.
McCarthy, Mr. Frank.
Mitter, Mr. D. K.
Nabi Hadi, Mr.
Nayar, Mr. Kavalappera Muppil.
Norton, Mr. Eardley.
O'Donnell, Mr. S. T.
Percival, Mr. T. E.
Pickford, Mr. A. D.
Price, Mr. E. L.
Renouf, Mr. W. C.
Sapru, The Honourable Dr. T. B
Sarfaraz Husain Khan, Mr.
Sen, Mr. Nishikanta.
Sharp, Mr. H.
Sircar, Mr. N. C.
Spry, Mr. H. E.
Waghorn, Colonel W. D.
Watson, Sir Logie Pirie.
Yamin Khan, Mr. Muhammad.

The motion was, adopted.

Mr. B. Venkatapatiraju : Sir, I do not propose to move the first amendment on page 5, but I shall move the next amendment.

Sir, on page 5, against Sind Division, Preventive Officers, there is an increase in salaries from Rs. 50,000 to Rs. 77,000. Though I wanted this to be reduced to Rs. 60,000, I do not propose to move it. But at the same time, I propose to move the next amendment.

LOCAL ALLOWANCES, SIND DIVISION.

Mr. B. Venkatapatiraju: I beg to move :

'That the local allowance be reduced from Rs. 62,137 to Rs. 42,639 (page 5).'

There was no local allowance before and this has been provided for only from last year and they want to increase it to Rs. 62,137. I therefore submit that the amount be reduced to Rs. 42,639.

Mr. C. A. Innes: These local allowances are allowances either given on account of the special cost of living in Sind or, as is more probable, they are allowances which have been sanctioned by the Local Government temporarily pending revision of pay. It will be found that on page 6 a lump provision has been made for revision of establishments. When the revision of establishments is made, as I hope it will be made shortly, then these local allowances will disappear. In the circumstances, I have no objection to accepting the Honourable Member's proposal.

The Honourable the President: The question is

'That the local allowance be reduced from Rs. 62,137 to Rs. 42,639 (page 5).'

The motion was adopted.

Mr. B. Venkatapatiraju: My next amendment is

'That the local allowance (page 7) be reduced from Rs. 5,039 to Rs. 2,756.'

For the reasons I gave on my previous motion I beg to move that the amount be reduced to that suggested in the last Budget.

Mr. C. A. Innes: The same remarks as I made on the last motion apply here also, but I should like to point out that the Honourable Member cannot have it both ways. He has also a motion to reduce the provision for revision of establishments. As long as the provision for revision of the salaries of establishments, namely, Rs. 6,000, remains, I am prepared to accept the proposal that the provision for local allowances be reduced from Rs. 5,039 to Rs. 2,756.

Mr. E. L. Price: I do not know why the Mover of these amendments should be attacking particularly Sind, a province which is, I think, so far remote from his observation and about which he knows so little.

Mr. C. A. Innes: The amendment relates to the Cotton Excise establishments at Bombay and not to Sind.

The Honourable the President: The question is that this reduction be made.

The motion was adopted.

Mr. B. Venkatapatiraju: I am not moving (*g*), Sir, *viz.*—

'That the figure of revision of establishment be reduced from Rs. 6,000 to Rs. 5,000 (page 7).'

EXECUTIVE SUBORDINATES.

Mr. B. Venkatapatiraju: Sir, I move :

'That the provision for Executive Subordinates be reduced from Rs. 5,25,000 to 5 lakhs of rupees (page 8).'

On page 8 you will find, under the head 'Preventive Establishment' for Executive Subordinates, that what was spent in 1919-20 was Rs. 4,15,495. That was increased to 5 lakhs in the revised estimate. Now, it is proposed to increase it by another Rs. 25,000. I appeal to the Government to reduce that extra Rs. 25,000 so that the figure will be 5 lakhs.

Mr. C. A. Innes: I should like to point out that this is a mere matter of estimating. The numbers of clerks are known, their rates of pay are known, and it is known when the increment of each clerk is due. The pay of these clerks is incremental. We must expect it therefore to be slightly bigger in the coming year than it is in the current year. It would, I think, be foolish to make this small reduction, and I oppose this motion.

Mr. E. L. Price: Sir, I understand that if this reduction is made, it means that the men working in those Departments will not get the monthly increments that they are entitled to.

Mr. C. A. Innes: Yes.

The Honourable the President: The question is,

'That the provision for Executive Subordinates be reduced from Rs. 5,25,000 to 5 lakhs of rupees (page 8)?'

The motion was negatived.

LUMP PROVISION FOR REVISION.

Mr. B. Venkatapatiraju: Sir, I move:

'That the lump provision for revision be reduced from Rs. 3,83,000 to two lakhs of rupees (page 8).'

In spite of the increase of Rs 1,10,000 the Government in the plenitude of their wisdom have thought it necessary to increase it to Rs. 3,83,000. Therefore I propose that it should be reduced to two lakhs.

Mr. C. A. Innes: I do hope, Sir, that this House will realise that, when they are dealing with this Budget, they are not dealing with figures, but with flesh and blood, the pay of their own establishments and officers down in the Provinces. Every reduction which this House may make in this Budget may mean loss to these men, and may set up discontent and agitation with which the Government will find it very difficult to deal. I do hope this House will realise that labour in India is becoming more and more organised, and that labour hopes, and has a right to expect, that the Government, now it has been reformed, will continue to deal with it fairly and to meet its just claims.

The position as regards this provision is as follows: We have not yet received from the Bengal Government their proposals for the revision of the pay of clerks and servants of the Calcutta Customs House, of whom there are 348. Does Mr. Venkatapatiraju, does this House, suggest that because, owing to pressure of work and owing to the numerous claims upon them, the Bengal Government and the Government of India have not yet been able to deal with the pay of the ministerial establishment of the Customs House in Bengal, and because this Government has been reformed, no revision is to be sanctioned for these men and that they are to remain on the same pay as they are at present and as they have been for years past? There are also in Calcutta 233 Preventive officers, and certain proposals for improving the pay of these men were sanctioned last year. The men, however, are not satisfied, and both the Collector and the Local Government have stated that the proposals which they submitted last year and which we sanctioned do not go far enough. They have therefore submitted revised proposals asking that they may be given retrospective effect. The question of sanctioning these proposals is now under consideration in the Finance Department of the Government of India. It will depend on that Department whether they are sanctioned or not. In the meantime, we are merely asking for a Budget provision in case all these proposals are sanctioned. This Budget provision does not necessarily mean that the proposals will be sanctioned. The proposals will have to come before the Government of India. They will be scrutinised both in the Commerce and in the Finance Departments, and this House may rest assured that they will be scrutinised most carefully. In the meantime, I suggest that this lump provision, which will not necessarily be spent, may be allowed to stand.

Rao Bahadur T. Rangachariar: Sir, the Honourable Mr. Innes has apparently forgotten that there are such things as supplementary estimates. Now, these lump provisions figure very largely in this Budget. As this question has now arisen, my motion to reduce the demand by 10 lakhs was mainly based upon this lump provision. The Honourable Member will find these lump provisions on page after page. On page 14 there is a lump provision for revision of establishment of Rs. 3,21,800. Again, at page 6, there is a provision of Rs. 2,25,000 for revision of establishment. Mr. Innes himself admitted, in the case of one of these lump provisions, that it was an over-estimate and that he was willing to reduce it by Rs. 50,000. I think this spirit of asking the House to sanction loose budgetting we must object to at once. If we allow it, our power over the purse will really be nominal and I therefore insist on the Departments placing these demands before the Finance Committee in the first instance, and then bringing it up by supplementary estimates. All these appeals for treating subordinates fairly have been readily responded to. But the figures have not been examined properly. We do not know what pay these officers are getting, what the proposed increase to that pay is, whether it is really needed or not—all these questions have to be carefully gone into; and I think this method of sanctioning lump sums cannot be too severely condemned, and I therefore strongly support the motion before the House.

The Honourable Mr. W. M. Hailey: Sir, the Honourable Member, Mr. Rangachariar, has referred to a point which, I think, I ought to argue to the House. He says there are such things as supplementary estimates. That is perfectly true; but I should like to ask a question in return. If you cut these items out now, leaving it for us to bring the matter up on a supplementary estimate, where are we going to get the money? You could no doubt reduce the deficit now anticipated by cutting out the items now in dispute; subsequently your standing Finance Committee would find that certain expenditure had to be incurred on them; and we would bring the matter up to you on a supplementary estimate in September next. Then if you sanctioned it you would either have to sanction money for which we have made no provision at all, or you would have to agree to fresh taxation then or adopt the undesirable expedient of again indenting on floating debt for the purpose. I claim that we have done the right thing by the House. Knowing that certain demands are bound to be made upon us, knowing that we cannot give definite details yet until they have been examined, we have quite correctly placed them in the budget as a warning to the House that the money, or a greater part of it at all events, will have to be met. I do not think myself, Sir, that the proposal of the Honourable Member to leave everything to supplementary estimates is one which in the circumstances of the present year could be commended to the House. If we were budgetting for a very large surplus it might be a very reasonable

proposal. But as we are budgetting for a deficit and as we have to provide the money somehow, I say that the proposal to leave this amount to be brought up later by a supplementary estimate is an unsound one.

Mr. T. V. Seshagiri Ayyar : I am sorry, Sir, I am unable to agree with my friends on this question of a lump provision. I have very bitter experience of what took place in Madras regarding the pay of munsifs and subordinate judges. We had been agitating for a long time to increase the pay of munsifs and subordinate judges from year to year; the matter was being inquired into by the Madras Government and again by the Government of India, but there was no lump provision for a long time. Ultimately when the increased pay was sanctioned, we found that these people had to be paid for some years back. Then the Madras Government, I think, said 'we are not going to pay for a number of back years,' and it came up to the Government of India; and although the Government of India said that they had no objection and that the Madras Government could do what they liked, the Madras Government, I understand, said that they could not find the money and that they were not going to give back pay as arrears; and these poor men, I am afraid, may have to remain without any compensation for the period during which they were encouraged to expect increased emoluments. I think, therefore, a lump provision is the proper way of dealing with such questions. I hope that when the matter is being gone into by the Finance Department, they will very carefully scrutinise as to whether there should be these increases or not; and if they come to the conclusion that there should be these increases, the payment to these underpaid men will come out of this lump provision. Under these circumstances, I do not think it is wise or reasonable to object to this lump provision for improving the pay of the ministerial establishments.

Sir P. S. Sivaswamy Aiyer: Sir, notwithstanding the explanation which has been offered by the Honourable the Finance Minister, and notwithstanding the inconvenience which he has pointed out, I still think that it is objectionable in principle to make lump provisions in the budget. I object to it for more reasons than one. My first objection is this, that we shall be foregoing our right and our duty to criticise and watch the expenditure carefully and see to what objects the expenditure proposed is going to be applied. At present we do not know the details of the scheme for reorganisation or of any other purpose for which this lump provision is asked to be made. We are simply asked to make a provision in the gross. Now, it may be that when the details are brought forward we shall find it necessary to take objection to one matter or another. We shall be foregoing our right to take objection to those items if we commit ourselves beforehand to this lump provision. I do not think it will be proper on our part as persons responsible for the expenditure of the country, to forego our right.

In the next place, the departments which are responsible for the preparation of schemes have a tendency to slackness if they know that their schemes can be sanctioned in advance in this rough way, even though the details are not ready. It ought to be insisted upon that every department which wishes to bring forward any scheme of expenditure must submit it in proper time with all the available data, so as to obtain the sanction of the authorities concerned in time for it to be voted upon at the time of the budget. Now, if we are to give way to the demand on this occasion and allow these lump provisions, they will have no inducement whatever to prepare their schemes and plans in sufficient detail in time. The temptation to slackness is a thing which ought to be discouraged. For this reason also I object to making any lump provision.

As regards the question how we are to find ways and means for these schemes, if they are eventually sanctioned, I am not aware that there is any insuperable obstacle to coming up with an additional measure devising additional ways and means. Now, we have to find ways and means for financing the present estimates so far as they go. If later estimates show the necessity for additional expenditure, means can be found for financing that expenditure. Suppose there is some extraordinary circumstance, let us say a war, a famine or some other emergency which calls for additional expenditure, say to the extent of 2, 3 or even 10 millions; what will the Finance Minister do in that case? In a case of that sort the Finance Minister will be obliged to come up to us for finding additional ways and means, and he will have to propose some suitable measure for that purpose. It is a correct principle in budgetting to make provision only for such schemes as are already ripe. In all other cases we ought not to waive our right to criticise, or be content with the scrutiny of our Finance Committee, but should insist that the final voice shall rest with us, and that the power of saying 'yes' or 'no' on any application for a grant should be in our hands and our hands alone. I am sure that just as the Honourable Mr. Hailey will have no difficulty whatever in devising suitable ways and means for unforeseen cases of heavy expenditure, so also he ought to have no difficulty in this case; he can come up with a supplementary budget; he can come up with a supplementary Finance Bill, and there is no special difficulty in this case which cannot be overcome by the department.

The Honourable Sir Thomas Holland : Sir, as this is a matter of principle bearing on a large number of the Resolutions of which we have received notice, I think it is wise that the House should be given as many ideas as possible to guide them in deciding the

question now before us. Now I suppose everybody here agrees with most of the copy-book headings which my friend Sir P. S. Sivaswami Iyer has quoted. It is quite true that the House is responsible for our expenditure, and it is quite true that the House cannot judge of the expenditure, unless full details are given. But at the end of every year in making the budget there must be a certain number of cases which are not quite ready for complete analysis. Merely because the charge is entered as a lump provision it does not mean in any sense that the expenditure is extravagant or unjustified. Quite often it is entirely the reverse; and I will notice an instance of the sort which explains why I am speaking now; for I want, if possible, to save more speaking on my part and therefore more listening on your part later on.

I notice that further on in the programme for to-day, Sir Sivaswamy Aiyer is attacking a lump provision of Rs. 7 lakhs for improvement of our salt sources. I will give you that as an illustration of the way in which a lump provision may be an economy and not an extravagance. The provision which we wish to make for the improvement of our salt source at Sambhar, if carried out in the way in which every adviser tells us we ought to do, will cost something like 23 lakhs. We have also other schemes for the improvement of the salt sources in the Punjab, costing another 15 lakhs. We are told, however, by the Finance Department that it is impossible this year to finance both these schemes or even the whole of one of them. Our problem then is,—which of the items shall we cut out? The details which constitute this lump have been worked out with the greatest care and were put before the Finance Department in full detail. The Finance Department tell us that we cannot get any more this year than Rs. 7 lakhs, and we are now driven to cut up our programme, first by cutting out certain items that we are doubtful about carrying through, but if we cut these out we destroy certain other parts of the programme. And we are not able to say at this stage whether we can get the labour for one part of the programme, or whether we can get rails—that is one of our difficulties; whether we can get water pipes to carry the water, whether we can get certain parts of machinery necessary to complete other parts of our programme, etc. These are things which we are unable to say for certain that we can do, and so the Finance Department have told us to do our best within 7 lakhs on behalf of this object of improving the salt sources. Otherwise, we should have had to cut out the whole budget, and if we did that your salt sources will degenerate; and it will not be I who will pay for this but my successor. These salt sources can go on quite happily as they are for another four or five years, and would see me out of office, whilst none of you would ever find out that I had been treating your property badly; my successor would come in for the results. This is a case in which it is economical to act now, and for this purpose we have a lump provision of Rs. 7 lakhs. If we do not act now, we shall lose the next monsoon, and if we lose the next monsoon the country will be short of salt in the following dry weather. I am merely quoting that as an instance of how a lump provision is a real economy, and is the result of our being pruned down and not the result of our being given a lump sum of money to play with. It is the result of the Finance Department trimming us down to the very bone, until there is nothing else left for us but to call it a lump provision, because we really cannot carry out our programme in full . . .

Sir P. S. Sivaswamy Aiyer: Is it for works or establishments?

The Honourable Sir Thomas Holland: It happens to be for works, mainly; of course, there is a large amount of establishment involved.

Sir Sivaswamy Aiyer talks about budgetting for war, but that is in no way analogous. Here we are asking you to provide for a charge that we are certain must come some time in the year. There is not a business man in this House who does not budget in this way for what he knows must come but cannot state in detail. The whole principle of company promotion is that. When you form a company, you state your nominal capital and you call up a certain amount of the capital. When you do so, you give a rough idea of what you hope to do, but it is impossible to say in advance how you are going to spend every penny of that money. When you come to practical questions here—and this is a business proposition that we have before us—who is to say that you should cut down Rs. 1,27,000 by Rs. 25,000? Why Rs. 25,000? Why not Rs. 30,000? Why not Rs. 20,000? Has the Honourable Member who makes a proposal of that kind gone into the matter in detail that he is able to name the exact figure of Rs. 25,000? And this matter cannot be met by supplementary votes as Mr. Hailey has explained to you. The Assembly will probably not meet again till September; meanwhile, the men who are concerned are out of their pay, they lose their increments and are suffering severely. It is not just to them, and what is more, it will react on the country in consequence of the production of strikes. I hope, therefore, that the Assembly will treat these questions on businesslike lines and this suggestion I will make to you. It is impossible in the whole of this Assembly to go in to he merits of each of these proposals, many of which have only been received by us to-day. It is quite impossible for us now to discuss in detail the merits of proposals as to whether Rs. 25,000 or Rs. 20,000 should be cut off. But I am willing to make this offer on behalf of my own group of departments, and I have no doubt that the Honourable Mr. Hailey will support it. We are quite willing that any one of these challenges before us to-day shall be put before the Finance Committee, and subject to the criticism of the Finance Committee, the Government is prepare to act. If the Finance Committee will examine each of these in turn and go into

the question in our offices and look into the books and look into the details, we are quite willing to receive their assistance in the work of revision; because there is not a Member of the Government who does not wish, and has not tried, to cut down the estimates. There has not been a single estimate that has not been pruned down to the very bone. This has been done, first of all, by the administrative department, and then in a much more vicious way by the Finance Department, and I should advise you, gentlemen, as you have the interests of the country at heart, to realise that cutting down is not the only form of economy. It may be a very very false form of economy, and I should advise you to leave questions of detail of this sort to the investigation of the Finance Committee, and I speak only as a practical man of business speaking to business men on a purely business question.

Mr. Wali Mohamed Hussanally: I beg to suggest, Sir, that if all the lump provisions are removed from the Budget and placed as an unappropriated balance earmarked for being spent on the revision of establishments and to be spent only after the supplementary budget is passed, it will meet the case.

Mr. Harchandrai Vishindas: I am sorry to say, Sir, that I am not quite convinced by the reasoning of Sir Sivaswamy Aiyer. In the first place he did not give any answer to the remarks of Mr. Seshagiri Ayyar. In the next place he forgets that he is not going to wipe out the whole of the lump provision, but only a part, and therefore all his arguments fall to the ground. As Sir Thomas Holland has pointed out, what is the data for Sir Sivaswamy Aiyer to fix on a particular amount for reduction, and why not more or less? On the other hand, the Government departments know the ropes and must be approximating to a particular figure. The figure which they are proposing is, in all probability, the figure that would be wanted actually. That is one thing.

Another point is, that if we were to follow Sir S. Aiyer's arguments there should be no lump provision at all. But I think that all people who have dealt with budgets - and I have dealt with them—know that lump provisions are inevitable and we cannot do without them. For Sir S. Aiyer to call upon Government to be prepared with all the details in advance so as to give the exact figure which will be required for a particular work is a very tall order, because there are so many things for which it is impossible, in advance, to make a full and exact estimate. I think we will not be doing our duty by the public or by the Assembly if we in any way interfere with these lump provisions. Government have not arrived at these figures haphazard or arbitrarily; they must have worked on some data. All those who give employment and have establishments on a large scale have this experience, that you cannot have every thing cut and dried in advance and therefore lump provisions are necessary, and in this matter we should trust the experts who have charge of these Departments for having arrived at a roughly reasonable figure.

Rao Bahadur C. S. Subrahmanyam: Sir, the argument of the last Honourable Member that we ought to place implicit trust in the Government is certainly an argument which we might bring into this discussion because nobody here doubts the capacity or the sincerity of the Department of Government with which this question of whether there should be a lump provision or not, is concerned. The question is that we in this Assembly have or have not got to see that the provision made by Government is necessary. We have got to scrutinise the Budget. We have got to pass it and make ourselves responsible as regards all the items shown there that we have seen evidence of them and are satisfied *prima facie*.

Then Sir Thomas Holland said that certain works should be undertaken—works which would cost a large sum. I think that that is a question on which we should have further information and when it comes to every individual item having tacked on to it the item of 'lump provision,' then I think that we ought to know what it is. As this is the first time under the new system of scrutiny by the Assembly that item after item is taken up for sanction, no doubt Government would not be prepared to furnish us with details. And in order that they may be aware of the nature of the information we ask for, I would ask this Assembly that as soon as a member of the Government gives us an explanation in regard to the particular item, we, with the most cursory view, should pass it if it is satisfactory. We do not propose, as it were, that they should lay down the money at once. Now this lump provision is not intended for things not really connected with the heads of expenditure. It would be as the lawyers say—cases of *ejusdem generis*.

The preparation of budgets is a question with which we, who were connected with local boards and municipalities, are well acquainted and it is not that we have no experience of dealing with lump provision; the desirability of dealing with this question without opposition is raised. As for Sir S. Sivaswamy Aiyer, I think we can give him credit for an extensive connection with budget preparation. Then Mr. T. V. Seshagiri Ayyar said that the Government of Madras were willing to give the Munsifs the increases they asked for, but that they did not give it is not due to the absence of lump provisions, it is unwillingness to pay. It is one thing to make lump provision and another thing for the Administrative Department to pay out the money. That we do recognise. The question really is that we want some definite explanation as to the lump provision. But as regards the details of the lump provision, I suppose to ask for them would really be a very tall order.

Mr. F. McCarthy:—Sir, I think it would meet a great many objections that have been raised in this debate to-day if Government would consent to put all these lump provisions together as a lump sum and place it at the disposal of the Finance Committee of this House. The lump sum could then be divided off amongst the various departments as occasion arose.

Mr. B. Venkatapatiraju:—Sir, in replying to the various criticisms, I should like to say that it is an anomalous position we occupy, because we are all aware that in no legislative body will such motions be made because any motion passed will turn out the Executive Government. That is the reason why such motions are not made. Here we are in this position that we are not able to turn them out, but we are asked to share their responsibility. I do not know how we can share that responsibility unless we scrutinise all provision made. Now we see that the lump provision for revision is Rs. 3,83,000. Now let us be a little more economical and be satisfied with 2 lakhs.

We know very well where we have to spend money, but in this case there is no provision and there is no clear data that the amount is absolutely necessary. I do say that the Government should reduce the amount. In this case it is suggested that we should place it as a lump sum at the disposal of the Finance Committee so that they can provide for different departments. I shall have no objection whatever to this proposal if the Government are prepared to spend no more than what the Finance Committee recommends. But I am sure that if the Government get their Budget passed from the 1st of April, they will entertain an establishment to spend the full amount, and then it would be difficult to reduce, human nature being what it is. If we allow them a free hand in this way, I see no reason for discussing the Budget at all.

Mr. C. A. Innes: Sir, I should like to get this debate back to its proper *point namely, the question whether Rs. 3,83,000 should be allowed to stand in this Budget. That is the practical point before us. I quite agree, however, that there are difficulties which have made themselves felt to-day. They arise from the fact that we are passing through a transitional period, and that this is the first time that a Budget has been dealt with by this House. I am not in a position to say whether the suggestion of Mr. McCarthy will be accepted because that is a point for the Honourable the Finance Member to decide. But I do hope that next year we shall be able to place our Budget before a Finance Committee so that everything can be properly threshed out before it is brought before this House.

Both Mr. Venkatapatiraju and Sir Sivaswamy Aiyer objected that they did not know what this lump provision was for. They said that they did not know what the details are, or anything about them. Well, I have tried to explain that we know that the Bengal Government are coming up with proposals for the revision of the pay of the clerical establishment of the Customs House, and that they have come up with proposals for the revision of the pay of the Preventive Staff. They estimate that the cost of these proposals will be Rs. 3,83,000. As I have already tried to explain Budget provision is a very different thing from administrative sanction, and I was very surprised to find Sir Sivaswamy Aiyer falling into that error. The mere fact that this provision is made does not necessarily mean that the proposals will be sanctioned. The Administrative Departments have reason to know this, and even if the Administrative Department accepts the proposals, they have still to be passed by the Finance Department, and I can assure the House that these days the Honourable the Finance Member is a very difficult snag.

Sir Sivaswamy Aiyer said that we ought to arrange our revisions so that they can come up in time to be considered in detail by this Assembly. I suggest, Sir, that it is not the business of this House to spend its time on the details of revision schemes. This House has a more important duty.

It is quite right that they should hold the Executive Government responsible to them. We should be held responsible for such revisions as we make. But I suggest that it is not the business of this House to go into details. The Reform Scheme, Sir, will never work if the Legislature interferes in details and refuses to place any trust in the Executive Government. All these schemes are examined with the greatest care and are most carefully scrutinised. I am quite sure that this process will go on. I have already explained that we have made this lump provision in order to meet the cost of the revision of pay of clerks and servants in the Customs House in Bengal and of the Preventive Officers, and I hope the House will not accept the amendment.

The Honourable the President: The original question was

'That a sum not exceeding Rs. 66,95,000 be granted to the Governor General in Council to defray the charge which will come in the course of payment during the year ending 31st March 1922 in respect of Customs'

since which an amendment has been moved

'That Lump provision for revision be reduced from Rs. 3,83,000 to Rs. 2,00,000 only (page 8)'

The question is, that the proposed reduction be made.

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* *Vide* page 154 of these Debates.

The Assembly divided as follows:

AYES—44.

Abdullah, Mr. S. M.
Agnihotri, Mr. K. B. L.
Ahmed, Mr. K.
Amjad Ali, Mr.
Ayer, Sir Sivaswamy.
Bagde, Mr. K. G.
Bajpai, Mr. S. P.
Barua, Srijut Debi Charan.
Bhargava, Mr. J.
Bishambhar Nath, Mr.
Chaudhuri, Mr. J. C.
Das, Babu Braja Sundar.
Ghose, Mr. S. C.
Ginwala, Mr. P. P.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Gulab Singh, Sardar.
Hussanally, Mr. W. M.
Iswar Saran, Mr.
Jatkar, Mr. B. H. R.
Joshi, Mr. N. M.
Lathe, Mr. A. B.
Mahadeo Prasad, Mr.
Majid, Sheikh Abdul.
Majumdar, Mr. J. N.
Man Singh Bhai.
Misra, Mr. Pyari Lal.
Mitter, Mr. N. C.
Mudaliar, Mr. Sambanda.
Mukherjea, Babu J. N.
Nabi Hadi, Mr.
Nag, Mr. Grish Chandra.
Neogy, Babu Khitish Chandra.
Pyari Lall, Mr.
Ramji, Mr. M.
Ranga-Chariar, Mr. Teruvenkata.
Rao, Mr. P. V. Srinivasa.
Sen, Mr. Nishikanta.
Sinha, Mr. S.
Sircar, Mr. N. C.
Sohan Lall, Mr.
Subrahmanayam, Mr. C. S.
Venkatapatiraju, Mr. B.
Yamin Khan, Mr. Muhammad.

NOES—46.

Aiyar, Mr. A. V. V.
Ayyar, Mr. T. V. Seshagiri.
Bryant, Mr. J. F.
Carter, Sir Frank.
Crookshank, Sir Sydney.
Currimbhoy, Mr. R.
Dentith, Mr. A. W.
Dwarkadas, Mr. J.
Fell, Sir Godfrey.
Gidney, Lt.-Col. H. A. J.
Habibullah, Mr. Mahomed.
Hailey, The Honourable Mr. W. M.
Hajeebhoy, Mr. Mahomed.
Herbert, Lt.-Col. D.
Holland, The Honourable Sir Thomas.
Hullah, Mr. J.
Hutchinson, Mr. H. N.
Innes, Mr. C. A.
Jejeebhoy, Sir Jamsetjee.
Kabraji, Mr. J. K. N.
Kamat, Mr. B. S.
Lakshmi Narayan Lal, Mr.
Mahmood Schamnad, Mr.
Maw, Mr. W. N.
Mitter, Mr. D. K.
Muhammad Hussain, Mr. T.
Nayar, Mr. K. M.
Norton, Mr. Eardley.
O'Donnell, Mr. S. P.
Percival, Mr. T. E.
Pickford, Mr. A. D.
Price, Mr. E. L.
Raja S. P. Singh.
Rao, Mr. C. Krishnaswamy.
Reddiyar, Mr. M. K.
Renouf, Mr. W. C.
Samarth, Mr. N. M.
Sapru, The Honourable Dr. T. B.
Sarfraz Husain Khan, Mr.
Shahani, Mr. S. C.
Sharp, Mr. H.
Sinha, Babu Adit Prasad.
Spry, Mr. H. E.
Vishindas, Mr. Harchandrai.
Waghorn, Colonel W. D.
Watson, Sir Logie Pirie.

The motion was negatived.

Mr. B. Venkatapatiraju: I do not move 2 (*j*), Sir, *viz.*,

'That another Lump provision in revision be reduced from Rs. 25,000 to Rs. 15,000 (page 8)'.

OVERTIME AND HOLIDAY ALLOWANCES.

Mr. B. Venkatapatiraju: Sir, again we have a provision on page 8 under the heading 'Overtime and Holiday allowances' in which there is an increase from Rs. 2,26,000 to 3,75,000. I propose to reduce it. I beg to move

'That it be reduced to Rs. 3,05,000 which was the figure in the Revised Estimate for 1920-21'.

I do not understand why in Overtime and Holiday allowances there should be such an increase as Rs. 1,50,000 in two years.

Mr. C. A. Innes: It is quite evident from Mr. Venkatapatiraju's motion that he does not understand the system on which these overtime fees are collected and distributed. As I explained earlier in the day, steamers, which naturally want to get away as quickly as possible, frequently work at night, and on holidays and Sundays. Now when the steamers are working, we must have our preventive staff there to see that smuggling does not go on, and since the preventive staff are required to work overtime and on holidays, we pay them overtime allowances. The steamers are required to pay fees for working at night and on Sundays, and so necessitating preventive duty, and these fees are distributed among the preventive officers. The debit here therefore is purely a book transaction. On the one side, the receipt side, we credit the fees collected from the steamers. On the other side, we show a debit of the fees paid to these officers. The fact that the amount shown in the Budget is bigger than it was last year, is bigger than it was in 1919-20, is simply due to the fact that the Local Government thinks that in the Hooghly more ships will be loading or unloading cargo in the coming year and that more of them will be working on Sundays and holidays, and therefore that the credits from overtime fees will be greater, and consequently the payments of those overtime fees to the staff will also be greater. In these circumstances, I am quite sure that Mr. Venkatapatiraju will withdraw his motion.

Mr. B. Venkatapatiraju: Is this due to an increase in rate or in fees?

Mr. C. A. Innes: There is no increase in rate at all. The increase is simply due to the fact that these fees, which are paid for overtime, are likely to increase this year, owing to the fact that the Local Government thinks that there will be more steamers in the port.

Mr. B. Venkatapatiraju: If there is no increase in rates, Sir, then I do not press my amendment.

The Honourable the President: The question is, that the amendment* be withdrawn.

The amendment was, by leave of the Assembly, withdrawn.

LUMP PROVISION FOR REVISION OF ESTABLISHMENT.

Mr. B. Venkatapatiraju: Page 14 Sir, there is also a lump provision here for revision of establishment which was not mentioned in the budget of last year. I propose to move

'That the amount† be reduced to two lakhs'.

I think there was some misapprehension that these provisions would be placed before the Finance Committee before the amount is spent. I do not think there is any such intention on the part of Government. The matter will come up for discussion before the Finance Committee, but that does not mean that they are not going to spend this amount without the sanction of the Finance Committee, and I therefore strongly press that this amount should be reduced.

Mr. C. A. Innes: This lump provision, Sir, is provision which has been made by the Burma Government to allow for the revision of the pay of the clerks in the Burma Customs Offices and to provide for an increase of staff in those establishments, to provide for the revision of pay of the preventive staff and appraising staff. The Local Government has wired to say that they are considering the details of these various revisions and has explained that these proposals will very shortly be submitted to the Government of India. It has also explained that the pay of the other subordinate staffs in Burma has been revised with effect from the 1st March, 1920, and it has suggested that the Customs staff will have a legitimate cause for discontent if, merely owing to the fact that accidentally or otherwise their revision has been taken up last, they should be deprived of the benefit of revision of pay also from March, 1920. Now, Sir, I explained when we were discussing the lump provision for Bengal establishments that these proposals will be examined by the Commerce Department and again by the Finance Department. The amount put down, namely, 3,21,800, is merely an estimate of the amount which will cost to revise the pay of these establishments. It does not mean that the revision schemes as sanctioned will necessarily cost that amount, but I think there will be great discontent on the part of these establishments if the House reduces the provision.

The Honourable Mr. W. M. Hailey: I feel that this lump provision question is still one which is troubling the minds of many Members in this House, and it would, I think, be in the interests of the House and of ourselves if we could arrive at some common line which we could take upon it. It is perhaps a misfortune that we have had to open to-day with estimates many of which have been prepared by the Local Governments, and the consequence is that we are neither able ourselves to give you in the House as full information about them as we should like, nor has it been found feasible to draw up the printed estimates exactly in the form in which they would have been drawn up had we had in advance that full information. That is the reason why the lump estimates are shown in this particular form—simply 'Lump provision for revision of establishment' and the like. I acknowledge that the task of the House would have been easier if we had indicated the exact details for which they were required. Then the House might have felt disposed to say: 'Well, we recognise that provision must be made for revision; we will leave it in your hands, but our Public Accounts Committee will subsequently see whether you have or have not spent it within the scope of the demand which we have given to you.' That is one course, and I believe there are many Members of the House who think that if we could give these matters in sufficient detail here and now, they would be prepared to pass them on the understanding that the Public Accounts Committee would certify that they were duly spent within the scope of the demand.

There are other Members of the House who hold the view that these matters fall properly within the purview of the other Committee—the Standing Finance Committee. We have indeed had placed before us a concrete proposal by Mr. McCarthy that the whole of these lump grants should be taken together and put at the disposal of the Standing Finance Committee. There is one objection to this—a technical objection—which I feel many of my friends will feel here, namely, that if we take all these lump sums together and place them under one head as a reserve to be dealt with by the Standing Committee, they will come to a large sum which will not be limited to the exact purpose of the different grants as they are now. If under the present circumstances, we have a lump provision under 'Customs' we cannot employ it for 'Income-tax' or the like. But if the lump grants are all amalgamated as is sometimes done in Local Government budgets—it is clear that between

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* *Vide* page 159 of these Debates.

† Rs. 3,21,800 given in Blue Book.

us, that is to say, between the Government and the Standing Finance Committee, we should have greatly enlarged powers. It would perhaps suit us to adopt that course ; but on sound financial grounds, I am afraid that I could not as a responsible adviser recommend it to the House.

Now a third course - it is a combination perhaps of the first and second is that we should here and now give as full information as possible as to what these grants are intended for, and, secondly, that we should, wherever it is possible to do so, place them before the Standing Finance Committee. The Standing Finance Committee cannot always be with us much as we should like their constant attendance and advice. I feel that many of them, as business men, would not be able to sit continuously with us day by day ; but, wherever possible, we would put these grants before the Standing Finance Committee ; we would take their advice on them and we would ask them in each case to report to the House as to the measures we have taken as regards their expenditure. Now, Sir, if this combination of numbers (1) and (2)—with of course, a reservation as to the powers of the Public Accounts Committee - will satisfy the House, we are perfectly willing to take that course. My proposal therefore is that we should now explain to the House exactly what we intend the money for, and where the matter is not of sufficient urgency—and sometimes, as the House will realise, it is a matter of great urgency where establishments are clamouring for revision. I remember a case where I had to sanction the revision of a police establishment during lunch on a Sunday afternoon by a clear-the-line telegram ; but wherever it is possible, we should place them before the Standing Finance Committee, and in every case they would report to the House how the money is being expended.

Rao Bahadur T. Rangachariar : Sir, I wish to explain the difficulty which I feel in this matter. I have complained here very loudly that the cost of Government establishments has been mounting up by crores, and these lump provisions, I find, are for revision of pay or re-organisation of establishment. I have examined item after item and I find that these lump grants come in only for that purpose. An appeal has been made to our hearts by saying that these grants are intended for improving the position and pay and prospects of the subordinate services, most of whom are Indians and that therefore Indians will profit by it. But whether they are Indians or Europeans, the matter should be examined from a business point of view. My feeling is that many people who do not deserve any increase of pay have got increases of pay and allowance. There is one matter which has now been elicited in the Madras Council, namely, that the High Court Judges are starving on Rs. 4,000 a month and are wanting more pay. I believe the proposal is seriously before the Government of India. That is what was elicited in the Madras Council. If people on Rs. 4,000 a month can be said to be starving and they want horse allowance and carriage allowance and what not, then that is a matter which requires close investigation—not merely investigation by officials, but, I say, it must be investigated carefully by a Committee of this Assembly before such reorganisation or revision of pay is sanctioned. We have had enough of reorganisation and of revision of salary. I may mention another instance here—the case of travelling allowance. How many of you know that a Munsif when he is transferred from one place to another gets three first class fares for himself, and then he is said to be a loser. It is easily done—three first class fares for a Munsif on Rs. 200 or Rs. 300 a month, and I dare say, many a Deputy Collector, to say nothing of Collectors and Deputy Commissioners, get more. We do not know these things ; we want to go into them. What is the good of our being called here to pass this Budget, on this lump sum method. If we do, I put it to you on principle that we are encouraging extravagance by this sort of looseness on our part. We are not discharging our duty to our people by allowing this sort of thing. We must insist on the Departments coming up with definite proposals which should be closely examined before they are sanctioned by this House. It is not administrative sanction ; it is a kind of moral sanction. I have been on the Committee of the Madras Corporation and I know how difficult it is to deal with men who clamour for more pay. They come up in batches, and when you have appointed a committee to go into the grievances of one Department, another Department comes up and says ' Oh, the Postal Department have not got anything,' or ' The Europeans have had an increase ; Indian officers have not had an increase,' and so on. And the Government says ' Well, there is a liberal flow from the tap, let all get the water.' If we allow this sort of finance, our national finances are bound to go to ruin. And what is the good of our coming here if we do not exercise the power which the law has given us in this respect.

Sir P. S. Sivaswamy Aiyer :- Sir, I should like the House to bear with me for a few minutes if I again claim their attention on a question which seems to me to involve very important constitutional principles. Let me first clear the ground by saying that I do not desire the House to go into small petty details of the working of the administrative machine. That is not a thing which it is possible for us to undertake. It is for the Government to devise suitable schemes for the working of their machine, and for us to criticise it in important matters.

But while I am perfectly aware of the impracticability of this House taking upon itself the function of the Executive Government and going into matters of detail, it is of the very greatest importance that all these schemes should be put forward in detail for sanction; and my reason is this : that the very fact that they are obliged to come forward to this Assembly with details will compel them to be careful. There is the light of publicity which

will be thrown upon all their proposals which will necessarily compel them to take every possible care in the preparation of their estimates. That is one object which I have in view in insisting that all these proposals should be brought forward before us. Another object is, that it will give us an opportunity of criticising any really important proposals which may seem to us to be open to exception. There may be questions of re-organisation, there may be questions of principle in it, and there may be large increases of salaries sanctioned, as to which we may have no idea at all; but if they do come forward with all these proposals at the time of the Budget, we shall have an opportunity of expressing our opinion on such questions. These are the two objects which I have in view in desiring that these schemes should be brought forward in detail. A third reason perhaps is this, that it is a matter of constitutional principle for us as custodians of the public purse, if I may use that expression, to be jealous of our powers and to maintain them. Now, there are various solutions which have been suggested; and I shall explain to the House the difficulty I feel in accepting some of those solutions as satisfactory. For instance, it has been suggested that there is a Public Accounts Committee which in its scrutiny of the accounts will consider whether monies which have been voted by this House have been properly applied or not. But the Public Accounts Committee can go into the scrutiny of accounts only of the year which has closed, after the event, and all that it can decide is whether monies which have been voted have been spent in a proper way and applied to the objects for which they were sanctioned. Where there is a lump provision of this sort, even supposing that it is explained as involving so much for re-organisation, so much for construction of works and so on, it will be difficult for the Public Accounts Committee to say that so much should not have been paid on this sub-head, or that so much increase should not have been granted to certain members of the staff or so much should not have been granted by way of travelling allowance and so on. They would be exceeding their powers if they did it, and they would have no sufficient data if they went into criticisms of that sort, where they had only a lump provision to consider. The Government would thus have a free hand in dealing with these lump provisions, unless they gave us the full details ; and the Public Accounts Committee would not be in a proper position to exercise any scrutiny over the expenditure if the allotment was made in a vague and general form.

Then, again, another safeguard was suggested and that was that scrutiny might be exercised by the Finance Committee. The difficulty that I feel here with regard to the Finance Committee is this : under the Statute it is only a consultative body ; it cannot possibly vote any monies, and the Government are not bound by the advice of the Finance Committee. If the Government undertake—I do not say statutorily—but at least by way of convention to be bound by the recommendations of this Finance Committee, that would go a long way towards mitigating the objections which I have on principle to these proposals. I do not know whether the Finance Department will give an undertaking that they shall be bound by the recommendations of the Finance Committee. If they are not prepared to give an undertaking like that, but will at least give an undertaking that on matters where they differ from the Finance Committee, they will refer the matter to the Assembly, there would be some sort of a guarantee that the expenditure will be properly scrutinised. I am not aware that the Government are prepared to give any undertaking of that sort. I have now explained my difficulties in accepting the Public Accounts Committee or the Finance Committee as providing sufficient safeguards for the scrutiny of public expenditure. The other difficulty is that constitutionally, the power of voting monies rests with us, and not with the Finance Committee.

The objection that the Honourable Mr. Hailey pointed out to lumping these sums together is, I must confess, a sound one, if I may venture to express my concurrence with him. There is a difficulty in lumping all these sums together. There is also an advantage in showing these lump sums under different departments, because you know what the expenditure in each department is. It may perhaps be useful also to know what the lump sums all together amount to. Now, in the present Budget, the addition of all these lump sums which are provided will, I am afraid, amount to some crores of rupees. There is one thing which I think the House may perhaps do, and it is to give a certain sum, say half a crore, and place it at the disposal of the Finance Department for meeting all these lump sum provisions out of it. But I do not think it will meet their purposes; they will not be satisfied with it; they will require a very much larger sum for meeting their various schemes. Now except by setting apart a small sum, say half a crore or a crore for meeting these lump provisions, or by having an undertaking from the Finance Department that on all matters they will be guided by the Finance Committee, and, in case of difference of opinion, refer it to this House, I do not see how we can properly abdicate our functions and commit ourselves to all this expenditure. It is really a question of constitutional principle, and let me ask the House once again to take it from me that I do not have the least desire that this House should take upon itself the function of deciding whether ten peons less or ten peons more should be employed or any trumpery matters of that sort. The question of deciding how many officers are necessary for the efficient administration of a department is one which a large body like this cannot easily or possibly undertake. There is a Resolution standing in my name where I seek to cut down the pay of two Deputy Commissioners. My object is simply to elicit information and nothing more. I trust, Sir, that I have made my difficulties clear to the House. I think really it is a question of constitutional principle, and I am jealous of our powers and anxious that we should not part with them lightly. Under all

the circumstances of the case, as a solution of the practical difficulties which have been experienced in this, the first year of the reform budget, I would make the suggestion that, if the Government agree to place all the details of all these schemes before the Finance Committee and obtain their concurrence, we may waive our objections; if there is any difference between the Government and the Committee, they should come to us.

Rai J. N. Majumdar Bahadur : Sir, I have listened carefully to what the Honourable the Finance Member had to say ; he says that these estimates are budget estimates of figures supplied by Local Governments and that he had no hand therefore in framing them. But one thing I cannot understand. I believe that each Local Government is represented here by its delegate. Are those delegates simply here to vote on the Government side, or to help the Finance Minister in explaining the details of the lump provisions there?

Are they simply to draw so much salaries and allowance to vote on the side of Government or to come to our rescue just at the time when we are unable to explain these things ourselves? The Finance Department says 'these things came from the Local Government, we have no hand in the matter, therefore you, gentlemen, must vote blindly for these things as we are not responsible.' If that is the case, I think the Government might dispense with the practice of Local Governments sending up their delegates.

It is quite right for the Honourable the Finance Minister to say that the Members of this House should not be over punctilious over these small items ; but, as it is said, 'Many a mickle makes a muckle,' and these small things drop by drop go to make up the large sums. It is not in the interests either of the Finance Minister or of the Government or of this House that these little things should be left to the sweet discretion of the local officers who can spend the money just as they like. There is a suspicion at the back of the minds of some of us that whenever we make lump provisions for anything, the money does not go towards the promotion of Indian officers, but towards the promotion of European officers. I personally do not share it, but rightly or wrongly, that is the impression ; therefore it is right that the details should come to this House and that we should be in a position to scrutinise whether they are necessary or not. Otherwise there is no use our being here. Government might as well say, 'We are all wise men, we are all well paid to do this work, we devote our time to this, therefore there is no need for you to scrutinise them.'

Mr. P. E. Percival: The Honourable Member who spoke just now suggested that the representatives of the Provincial Governments should make some remarks on the subject. I propose therefore to make one or two remarks, though not quite on the lines that the Honourable Member expects. My only point is this, speaking as a district officer—and district officers, district Judges and Magistrates will support me—that the chief trouble we have is the great delay that occurs in these matters. The Honourable gentleman who raised the present objection seemed to imply that Government worked with extraordinary rapidity, that they were very lavish, and their great forte was extravagance and rapidity. I submit, Sir, that that is not the case. The chief characteristic of Government is delay. I venture, Sir, to give just one instance of this. It is the case of the allowances of the bailiffs and peons in the judicial and revenue districts. During the war, as everybody knows, expenses went up, and a war allowance was anctioned for the bailiffs and peons. None of us had great fault to find with the rate of that allowance; but my point is that the allowance was not sanctioned until after the war was over. It took three years to sanction the allowance. The proposal was made in 1916 and was carried out in 1919. I am not charging the Secretariats in connection with this ; it is the system of the Secretariat. The Honourable Members who took objection to the items before the Assembly seemed to imply that these things are rushed through the Secretariat, and that no full inquiry is made. That is not at all the case. The mills of the Secretariat grind slowly, but they grind exceeding small; and what happens is that these most important and necessary increases get quite unduly delayed. The present proposal would tend to delay them even more.

Of course I know nothing about the particular item at present before the Assembly ; it arises from the Customs Department. But as a general principle I do say, and I beg to support the Honourable the Finance Member in his contention, that these are matters for Government rather than for scrutiny by the Assembly ; I mean the lump provisions. Of course if an Honourable Member holds that a particular officer ought to receive a smaller increase, it is quite right that that should be discussed ; but to decide generally that these lump provisions should be reduced from Rs. 3 lakhs to Rs. 2 lakhs, say, the only result of such action will be that the already excessive delay will grow even worse.

The Honourable Mr. W. M. Hailey : May I crave your indulgence, Sir, to speak again on this question and to put a concrete proposal before the House? It is this; that in regard to all these lump provisions, we should now explain as fully as possible what they are for, and that if passed by the House, we should incur no expenditure under them until we have placed the case before the Standing Finance Committee. That is to say, that if the Standing Finance Committee agrees, we shall incur expenditure against them, and if not, we shall hold the matter up until we have had an opportunity of taking the opinion of this House by Resolution or otherwise. That would be subject only to one stipulation. I think Government ought to make this and I hope that this House will accept it. There are some cases of extreme urgency. We frequently have cases in which we receive

wires from Local Governments and it must be remembered that these are largely establishments employed by Local Governments on our behalf—stating that unless we can agree to a revision of pay the work of these establishments will come to an end. I think it will be cheaper on the whole, and more economical if the House were to give us power of emergent action in this behalf, because if you suddenly bring to a stop the work of your customs establishment (for instance, you also bring to an end the receipts of your customs revenue. I would only ask, then, Sir, that the House should agree that we should have this power of emergent action, and where we take this action we shall, of course, report to the Standing Finance Committee that we have done so.

Mr. B. Venkatapatiraju: Sir, in view of the assurance given by the Honourable Mr. Hailey that these lump sum provisions will be placed before the Finance Committee, I do not wish to press my motion.

The Honourable the President: The question is, that the amendment* be withdrawn.

The amendment was, by leave of the Assembly, withdrawn.

The Honourable the President: I understand the Honourable Finance Member proposes to make a proviso at the end of the motion moved by Mr. Innes. Would he supply me with the form which satisfies him ?

Mr. B. Venkatapatiraju: I do not propose to move my next one.

Rao Bahadur T. Rangachariar: In view of the happy termination of the last hour's debate, I do not think that I need press my motion. My objection was mainly to the local allowances and to these lump grants. The former the Government have promised to examine and in regard to lump sum grants, we have come to a satisfactory arrangement and, therefore, I do not propose to press my amendment.

The Honourable the President: I must first call on Mr. Innes to withdraw his motion.

Mr. C. A. Innes: I beg leave to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 66,21,000 be granted to the Governor General in Council to defray the charges which will come in the course of payment during the year ending the 31st day of March 1922 in respect of Customs.'

The Honourable Mr. W. M. Hailey: As an addendum to that I beg to move the following proviso, Sir:

'Provided that, in the case of items entered as 'lump provision' in the estimates, no expenditure should be incurred save with the concurrence of the Standing Finance Committee, subject always to the right of Government to incur emergent expenditure against the lump provision, under immediate report to the Standing Finance Committee.'

The Honourable the President: The original question was:

'That a sum not exceeding Rs. 66,21,000 be granted to the Governor General in Council to defray the charge which will come in the course of payment during the year ending the 31st March 1922 in respect of Customs.'

Since which the following proviso has been moved:

'Provided that, in the case of items entered as 'lump provision' in the estimates, no expenditure shall be incurred save with the concurrence of the Standing Finance Committee, subject always to the right of Government to incur emergency expenditure against the lump provision, under immediate report to the Standing Finance Committee.'

The question is, that that amendment be made.

The motion was adopted.

The Honourable the President: The question is, that the original motion, as amended, be adopted.

The motion was adopted.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock. The Honourable the President was in the Chair.

The Honourable Mr. W. M. Hailey: I beg to move, Sir:

'That a sum not exceeding Rs. 28,38,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of Taxes on Income.'

Taxes on Income.

PROVISION FOR TWO DEPUTY COMMISSIONERS (MADRAS).

Sir P. S. Sivaswamy Aiyer: Sir, I beg to move:

'That the provision of Rs. 37,200 for 2 Deputy Commissioners appearing on page 17 be omitted.'

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* *Vide* page 160 of these Debates.

Sir, my object in moving this Resolution is rather to elicit information as to the necessity for the very large proposals for expenditure upon establishments made by the Government of Madras. You will find that they propose an addition to the income-tax establishment of 2 Deputy Commissioners at a cost of Rs. 37,200, 9 Income-Tax Deputy Collectors at a cost of Rs. 32,400, and 61 Tahsildars at a cost of Rs. 1,14,120. A whole crowd of officials is proposed to be created for the purpose of administering this head of revenue. All this establishment is entirely new and the work used to be done by the ordinary revenue establishment of the District and of the Presidency town. It may be said that all this additional establishment is required in the interests of efficiency and for the purpose of a more careful collection of the Income-Tax upon which the Imperial Government is daily becoming more and more dependent. I do not know what precisely are the reasons which have induced the Government of Madras to put forward these large proposals at a cost of nearly Rs. 2 lakhs. Even supposing that as many as 61 Tahsildars and 9 Income-Tax Deputy Collectors are necessary, I do not know whether it is necessary to have 2 separate Deputy Commissioners. It may be said that the work of the Income-Tax Deputy Collectors requires to be supervised by some other authority, and that it is very necessary to have 2 Deputy Commissioners. But what has become of the Collectors, and why can they not supervise the work of the Income-Tax Deputy Collectors? A great part of the work of the Collectors has now been transferred to other persons. For instance, the whole of Local Self-Government work which used to devolve upon the heads of Collectors has now been transferred to non-officials. Most of our local bodies are now presided over by non-officials, and having been relieved of their work to a very large extent, if not wholly, it is not easy to understand why Collectors should not be charged with the work of supervising the work of the Income-Tax Department, as they have been doing hitherto. When I come to the next charge for 9 Income-Tax Deputy Collectors, I shall state my difficulty in understanding how the 9 Income-Tax Deputy Collectors are supposed to be able to do the work for the whole Presidency. However, I shall not dwell upon that now. But what I should like to have information about is the necessity for 2 Deputy Commissioners at a cost of Rs. 37,200. Of course, if it is made out that it is necessary in the interests of the efficient collection of the income-tax and that it is not possible to devolve that work upon the Collectors, I do not wish to press my motion. My object is really to elicit an explanation as to the necessity for these huge increases of establishment for the purpose of collecting the income-tax.

The Honourable Mr. W. M. Hailey: Sir, I recognise that these large increases in income-tax establishment, not only in Madras but, as the House will find on looking through our estimates, in other Provinces also, need special explanation. For some years we have found, that with the growing complexity of income-tax work, due partly to the increase of rates and the consequent increased attention that assessees themselves are paying to the preparation of their accounts and the problems of law applying to assessment, our existing establishments are insufficient to meet the case. I think that in very many cases it has been found also by assessees that they did not get the requisite attention from the ordinary revenue officials engaged in executive and general revenue work. Certainly we found on our side, that is to say, as collectors of income-tax and interested in its progressive increase, that the existing agency was by no means adequate for the purpose. We began, therefore, tentatively in the Punjab and, also, in the United Provinces by appointing a special agency. In the first place, that Agency was of the Deputy Collector or Extra Assistant Commissioner type and the result of employing this special agency was at once a very large increase in our income-tax receipts. I do not wish to delay this House unduly, but I desire to read to it an extract from a lettter from the Punjab Government which advocated a further increase of their special establishment. It said that the work done by this staff gave very remarkable results, particularly in the cities of Lahore and Amritsar. Apart from increases made in the assessment of old assessees, 355 new cases were detected in Lahore yielding an assessment of Rs. 34,000 and 625 new cases in Amritsar yielding an assessment of Rs. 40,000. It added that advantages of the operation were not limited to increased assessments. The burden was also adjusted more equitably.

Small men who ought not to have been included in the assessment lists had been removed from them in the light of fuller information obtained and friction had been reduced to the minimum. There are some interesting figures regarding the rates of increase obtained in different towns as a result of putting on a special staff of the class I have described. Excluding the increase due to enhancement of rates and excluding also remissions on objection, the increase had been in Lahore 49 per cent., in Amritsar 33 per cent., in Ferozepore 28 per cent. and so on for other towns No doubt, Sir, there are certain Members of this Assembly who come from those towns who may have cause individually to deplore these increases, but I cannot help feeling that the Assembly on the whole will welcome the fact that the tax has been at the same time assessed more equitably and also more profitably to Government. Seeing the success that had followed in the Punjab and in the United Provinces—I will not read to the House the results of the United Provinces, but they have been much the same—we proposed to other provinces the appointment of a similar staff purely for income-tax work. Now that special staff takes two forms. In the first place, in the large presidency towns we are trying to get experts for the purpose. Let me take one example. I am sure the Members of the Assembly who come from Burma will bear me out as to the result that has followed from the employment of an expert in Rangoon. The Local Government's evidence on the subject was that there was no doubt that the Act was much

more efficiently administered in Rangoon than in any other part of the province, and they ascribe the efficiency to the superintendence of the special Collector, Mr. Holdsworth. It is interesting to note how concurrently with Mr. Holdsworth's appointment the annual income in Rangoon at once began to exceed all previous records for the province. The figures are :

	Lakhs.
1916-17	25
1917-18	32
1918-19	50
1919-20	69

That was the result of employing an expert in Rangoon itself. Meanwhile what was happening in the other districts of the province, in which there was no special establishment? The figures are curious :

1916-17	8,27,000
1917-18	8,58,000
1918-19	9,20,000
1919-20 back again to	8,21,000

Well, Sir, that was one part of our proposals to employ a highly expert establishment, in the big commercial centres. The second part of our proposals was to employ a special establishment not so highly expert of course but of the nature of a special revenue establishment, working in the districts and the towns generally of the provinces. That establishment was to be superintended by a Commissioner for income-tax. The Commissioner would have under him two or more (according to the size of the province) Deputy Commissioners who would be promoted from the special staff recruited for the purpose, who would carry out the major assessments and hear appeals for all minor assessments. They would be of the rank of Senior Deputy Collector or Extra Assistant Commissioner; under them would be Assistants of the type of Provincial Service officers who would carry out all minor assessments. Those proposals have been accepted by the Punjab, the United Provinces and the Central Provinces. They will, I admit, lead to a very considerable increase in expenditure, but I myself believe and I think the House will agree after what I have read out to it that the increase of expenditure on the establishment is likely to be made up many times over by the increase in collections. Coming now to the particular question that Sir Sivaswamy Aiyer has put to us, I may point out that the two Deputy Commissioners in Madras are the first provisional appointments for realising an establishment of this nature. Madras has not yet got out its full proposals for the extended specialised income-tax establishment, but it proposes to begin with two Deputy Commissioners. They will, I assume, hear the appeals, at all events appeals on minor amounts, from the assessing officers in the province. I think I have given the reason why in my opinion the ordinary Revenue Collectors to whom Sir Sivaswamy Aiyer referred are really no longer capable of undertaking this highly expert work of income-tax assessment. I would remind my Honourable friend that it was only a few days ago a Member of the Assembly from his presidency, Mr. Narayandas Girdhardas, brought forward a Resolution in this House, which pointed out what he described as an inequitable arrangement, from which certain assessees in the province, namely, the Guzarati and Marwadi traders, were suffering. He complained of a rule passed by the Madras Government in regard to the preparation of their accounts. We attributed that rule entirely to the fact that the Madras Government had not up to date employed a specialised establishment for income-tax work and we told him, and I think he was satisfied with our answer, that we proposed to ask the Government of Madras in appointing the specialised establishment to make provision for the particular difficulty to which he referred in his Resolution. That the need for an increase in the Madras income-tax establishments is a real one, I really believe, because I notice that both in this House and in the other House, a very large number of questions have been directed to us from Madras regarding income-tax assessments and collections; and it is on this ground that I would ask the House to accept this, the initial step in the appointment of a specialised staff in that presidency.

Rao Bahadur T. Rangachariar: In arguing against the motion the Honourable the Finance Member has pointed out the advantage which accrues to the Government from employing a specialised staff. That I readily admit. We know from our own experience that whenever a specialised staff is employed for a special department, there is always a tendency to show up the income.

There was one curious feature in the statement read to us to-day by the Honourable Mr. Hailey in giving us an account of the operations in the Punjab. The figures are given of the increases and credit is taken for having excused certain people who ought not to have been on the books; but curiously enough the number of such cases was not given. A special Department always means working up—they desire to work up and to show progress, and the only way in which Revenue officers show progress is by showing collections. The working of the Income-tax Act has caused, I know, a great deal of heart-burning in the Madras Presidency. I do not know how it is in the other Provinces. The Honourable the Finance Member, in justifying the extra burden, has referred to the Resolution moved by my Honourable friend, Mr. Narayandas Girdhardas, as a justification for his measure. What that

motion has to do with the present question, I fail to see. He asked that certain Marwadi and other merchants in the Madras Presidency should not be asked to keep their accounts in two languages, and that the authorities should make their own arrangements to examine their accounts. I wonder if the Honourable the Finance Member considers that the employment of these two Deputy Commissioners is going to relieve that situation. They will be, whether they belong to the Provincial Service or the Civil Service, persons wholly ignorant of the two languages with which we are concerned, and I do not see how that is an argument for introducing this new system.

My objection to this is twofold. In the first place, the ordinary Revenue Department have not got enough work to do. You have got a very costly Revenue Board in Madras—which all attempts to remove have failed; and with that Revenue Board in existence the Collectors should have been relieved of a number of their other duties, as was pointed out by Sir Sivaswamy Aiyer. I can understand transposing some officials from that Department and making them do special work; but my objection is to creating new officers which will add to the burden on the tax-payer. We want every pie we can save to be saved. What is the necessity for introducing this set of highly paid new officers when our old officers continue and they have been relieved of a lot of their other work, continue in larger numbers. As has been admitted by the Honourable the Finance Member, this is the thin end of the wedge. This proposal this year to employ two Deputy Commissioners and nine Deputy Collectors is the beginning of a system that means, Sir, I do not know in how many divisions the Madras Presidency is to be divided. You have eight divisions for agriculture and other things and I suppose you will have the same number. That is, you will have eight Deputy Commissioners and an army of Deputy Collectors. This multiplication of departments, and multiplication of officers, adds directly to the burden on the Exchequer and adds indirectly to the burden on the people. We know that all these officers go on circuit and the poor villagers have to find provisions, etc., for them. You have already got a lot of these Departments, Forest, Salt, Police, and you have the ordinary Revenue; and you are now going to add this special Revenue, and all this means a heavy burden on the people. I do think, Sir, that this should not be encouraged, and while I admit the importance of specialisation, I do not think there is any need for creating new officers. It is a question whether you cannot divide the work among the existing officers.

Mr. J. K. N. Kabraji: Sir, I should like to supplement the information given to the House by the Honourable the Finance Member by what is within my own knowledge regarding the working of the special income-tax establishment in Bombay. It is not a new feature there but has been in force for some years now, and there it has been found advisable and desirable to increase the special establishment in more and more districts as a result of the experience of their work. It is not merely, as Mr. Rangacharair suggested, it is not merely that their work is to increase the income-tax collections; but I have generally found that the special establishment, by their expert knowledge, are in a position to satisfy the assessees themselves in more ways than one. Not only has the employment of the special establishment enabled the district authorities to knock off a good many assessees who were not rightly assessed, but in a large number of cases it has been found that the assessees whose income-tax has been increased by the special establishment have not thought it necessary to appeal, and I remember particularly well that in one district where I was—in Bijapur, I mean—when the special establishment was newly introduced there, a large number of supplementary assessments were made, but very few of them were appealed against. This is a result which I think must be satisfactory to the public at large, because they feel convinced that their accounts are properly examined and overhauled, and that there is not much ground left for them to complain about. Under the former system, when the Revenue officers had to do this income-tax assessment work in addition to their other work, I must admit that they sometimes did it more or less perfunctorily. And I can understand it too, because they have not a special or expert knowledge of accounts, whereas the special establishment does nothing but this work, studies the accounts and compares them in various directions, and the result is both an increase of income-tax and a reduction in the number of appeals, since people have not much cause left to complain.

As regards the addition of these special establishments, I must say, from my experience in several districts, that it is almost impossible for the ordinary Revenue establishments to carry on this work, and if they have got to carry it on, it is so much loss to the public revenues, inasmuch as a good number of persons liable to assessment or enhancements remain to be discovered. There is, therefore, real economy in having this extra special establishment, and the expenditure is several times covered by the results.

Khan Bahadur Chaudhuri Wajid Hussain: Sir, I am extremely sorry to find that my Honourable Colleague, Mr. Rangachariar, is very hard on the sins of poor Government officials. He seemed to imagine yesterday that the subordinate Government officials were like so many vampires sucking the blood out of the anæmic body of Indian finance. And he seems to have imagined to-day that the superior executive staff have absolutely nothing to do and they spend their time fiddling away at the collectorate. All I can say is that Mr. Rangachariar has probably had nothing to do with Government officials of the subordinate branch or the superior branch. My friend from Bombay has explained to the House how it is not only in the interests of the Government, or of the Assembly to be more correct, that the special staff for income-tax should be maintained, but that it is in the interests of the assessees themselves that

such a staff should be maintained. I shall explain to the House what the weak link of the existing organisation is, so far as it relates to income-tax work. Income-tax work presupposes a certain amount of special knowledge of the language in which accounts are kept. Before the present system was introduced in the United Provinces, the work of examining *Bahi Khatas* and other account books was often left to small clerks, clerks on Rs. 15 or Rs. 20 a month, who alone could understand these books. The consequence was that the over-worked executive staff had to depend almost entirely on the report, and, I am sorry to say, on the suggestions of this ill-paid staff. It was all very well for people who could put a little money into the pockets of these small clerks; but for people who were above it was a great hardship. The consequence of this was that a large number of people who should have been assessed to income-tax were left alone, and a large number of people who should not have been assessed were assessed and there was a very large number of appeals and a very great number of these appeals were accepted. But the present system has enabled the income-tax officers to personally inquire into the condition of each assessee, to personally examine the registers, and to make themselves acquainted with the tricks of the trade, and the results are exceedingly satisfactory. I will ask the permission of the House to present the results of the Lucknow district to which I had the honour of being attached 4 or 5 years ago, and where I did part of the income-tax work. The former arrangement was that all the Sub-Divisional Officers had to do income-tax work and the work of these Sub-Divisional Officers has of late been entrusted to one Deputy Collector who is known as the income-tax officer. The result has been an increase of over a lakh of rupees per annum. The number of appeals decreased immediately by half; and as for the number of appeals which have been accepted, it was reduced, if I remember rightly, to two. You will thus see, Sir, and that it is really more in the interests of the assessees themselves,—of those assessees of course who want to be fair and square—not assessees who do not want to be fair and square—it is in their interests that this staff should be maintained; because, as I have said, the practice, before the introduction of this scheme, had been that the rabbits were muzzled while the great carnivores were left unmolested.

Beohar Raghubir Sinha: Sir, I have to express my agreement with what the Honourable gentleman on my left (Mr. Wajid Hussain) and my Honourable friend on the other side (Mr. Kabraji) have just said on this point.

Mr. Muhammad Yamin Khan: Sir, I do not know anything about other provinces except the United Provinces in this respect. I have had some experience though I am not a Government servant, but as a public man I have some experience, and I know that formerly this work was carried on almost entirely by Tahsildars and by their Sub-Divisional Officers who had their own work to finish; and they were so much over-burdened that they did not see this work properly. The result was, that, as Khan Bahadur Wajid Hussain has said, a lot of people who ought not to have been taxed were taxed, and a lot of people who ought to have been taxed at a higher income were not taxed properly at all. The work was carried on very inefficiently formerly. These gentlemen could not understand the big *Khatas;* they could not go through the accounts properly. Usually what they did was to leave their work in the hands of minor officials, and the result was disastrous. Now, Sir, we find that from the time the new arrangement has been made, the income-tax officers have been working very well; and we find that there has been a considerable enhancement in the income, and there have been very few complaints made on the assessments by the present officers. I am not only a public man, Sir, but I belong to the legal profession, and I know that I used to come across a lot of appeals on the income-tax side of the assessments, and that their number has been reduced considerably since the establishment of the present system. It shows that the system has worked very well. Besides, Sir, there is another point. We ought to have as incometax officers persons who should possess great integrity and who should be above any temptation; and for this purpose their salary should be proper. Any reduction in this will mean not only a reduction in the revenue but also it will lead to great corruption. We have found invariably that wherever income-tax establishment has been lowly paid there has been decrease of revenue and greater corruption. If we do not grudge a good salary to the income-tax officer the result will be a great benefit to the income of the Government of India. With these few remarks, Sir, I think there should be no reduction on this side.

The Honourable Dr. T. B. Sapru: Sir, there are just one or two aspects of this question which I would like to place before the House. I entirely endorse the observations which have fallen from my friend, Chaudhuri Wajid Hussain and also from my friend, Mr. Yamin Khan. Now, so far as the United Provinces are concerned, I can say from my experience as a lawyer—and that is by no means very antiquated for nearly two months ago, I was in the profession—that the general feeling is that the administration of the income-tax has undoubtedly improved since the special agency came into existence.

The Income-tax Act, as it now stands, is an exceedingly complicated Act. It requires very careful study and an ordinary officer of the rank of a Deputy Collector or a Tahsildar, who has not given special thought to the administration of that Act, will, I venture to think, be found in the long run to be inefficient. I have been consulted in a number of cases arising out of the Income-tax Act in my own province, and the general impression left on my mind is that so far as the question of assessment is concerned, it has been tackled much more efficiently during the last two or three years by this special staff than used to be the

case when subordinate officials used to carry on the work in a more or less perfunctory manner. Again, it must be remembered that so far as the United Provinces are concerned, we have got some big commercial centres like Cawnpore and Hathras and certain other places and then we have got a large number of money-lenders all over the province. I have had a considerable amount of experience of the kind of account books kept. I do not profess to be an expert in account books but I can say this much, that unless a man has given special time to the study of the system of account books he will never be able to deal with the various questions that may arise under the Income-tax Act. Well, I don't know anything about Madras and how things have been done, or are done there at the present moment. But I can say, from my experience of the United Provinces, that although there may be some feeling in the minds of people who want to save money at the expense of the public exchequer, yet the general view taken is that the administration has certainly improved since this staff came into existence. I would, therefore, venture to oppose the Resolution of Mr. Rangachariar.

Mr. N. M. Samarth: Sir, I believe this general discussion misses the point of the specific proposal before the House which Sir Sivaswamy Aiyer has brought forward. I come from Bombay. Nobody can accuse Bombay of inefficiency of administration in so far as income-tax is concerned. The question is that in the column of 'Salaries' the total for Madras budgeted for next year is Rs.89,160. If you refer to Bombay, the total under 'Salaries' is Rs. 80,700. With 1 Commissioner, 1 Collector, another Collector and Superintendent and Deputy Collector and Chief Examiner of Accounts, Bombay, is able to manage very well, and manage; I think, according to even the Honourable the Finance Member, very efficiently its administration of income-tax. Now what is the income-tax in Bombay? It is more than three times that of Madras and yet, with three times more of the collection of income-tax in Bombay which has never been depreciated, at any rate to my knowledge, as insufficient or inefficient—we have been able to manage with these high officers who cost only Rs. 80,700. Is it right or is it wrong then on the part of Sir Sivaswamy Aiyer to say that for Madras at any rate, let not the higher salaries go beyond Bombay and Madras be made to pay Rs. 89,160. That is the issue before the House and I trust the House will decide in accordance with that.

Rai J. N. Majumdar Bahadur: Sir, this increase of salaries of officials reminds me of the story of a nobleman in Bengal who was very fond of buying mangoes at high prices however sour the mangoes might have been. If mangoes were brought to him and he was told they cost Re. 1 each, he used to say 'excellent'. But if even fine mangoes were brought to him and he was told that they were bought at 100 mangoes for Rs. 10 he used to say, they were good for nothing. So, I say, if you pay an official a high salary, he is worth much more than if you pay him a small salary. I think it will be doing great injustice to our sub-divisional officers who have been doing all this work, and to our magistrates and collectors who have been all along doing this work with great efficiency and whose administration of the income-tax has not been found fault with by the Government.

Of course, I must place great reliance upon the testimony of my Honourable friend, the Law Member, who says that the income-tax administration of the United Provinces has grown very efficient because it has got a Commissioner of Income-tax at Rs. 37,000 a year. Of course, when a man is being paid a high salary, his administration must be presumed to be very good: but I find at the same time that the pay of the chief adviser to the Government of India on income-tax is only Rs. 27,000 a year, lower than that of the Commissioner of the United Provinces. The United Provinces must be a very lucky province in that it has been able to entertain a Commissioner of Income-tax at Rs. 37,000 a year, and his income-tax administration has been very successful. We have heard from two lawyers that the people there are very contented and that their assessments have been very good. We accept that, and, following the same principle, I think it would be better to raise salaries all round in Bengal, Bombay, Madras and so on. Why not make additional grants to those provinces? Why give them poor salaries? For I find that in Bengal, poor Bengal, the Collectors of Income-tax get Rs. 1,550 and Rs. 1,500; two persons are getting only Rs. 36,000, and in the United Provinces one man is getting Rs. 37,000! Why not make them all more efficient in this way?

Simply absurd! Our Deputy Collectors are very efficient and I maintain that they are as efficient as the so-called experts. Where have these experts been trained? Is there a College of Income-tax in India where they teach them all the intricacies of accounts? It is people of the same or even inferior qualification who are appointed to do these things. They are not indented for from England or anywhere else. The Deputy Collectors are performing the same duties and will do the same work. But as they pay high prices for mangoes, so they will become sweet.

Mr. E. L. Price: Sir, I do not think anybody yet has put forward this question from the point of view of the people it most intimately concerns, and that is the assessee. In Sind there is a constant complaint—it is tabulated at great length in the papers—to the Commissioner in Sind about the methods of the income-tax collectors, and we did hope that the whole trouble would be got over by putting some sort of Income-tax Commissioner in charge who would be able to deal with appeals and deal with the matter in an efficient way and get things put straight. I can assure Government that in Sind there is a great deal of dissatisfaction arising from the inefficient—well, alleged inefficient—methods of collection. To my knowledge, in Karachi itself, there are a great number of questions outstanding with the

Income-tax Department and I say distinctly, Sir, that we do want a special staff to deal with these income-tax questions which are too complicated for a man with little or no special training in accounts.

Sir P. S. Sivaswamy Aiyer: Sir, my object in moving this Resolution is mainly to elicit information as to the necessity for these proposals and to some extent to give expression to the dissatisfaction which has prevailed with regard to the administration of the income-tax. Dissatisfaction on the administration of the income-tax is bound to prevail more or less everywhere and I do not intend to refer to that aspect. But what I do wish to draw attention to is legitimate dissatisfaction—the feeling of the assessees that their cases are not fully gone into.

I know that there is dissatisfaction, and I have had considerable experience in this matter and I know also that there is real ground for it. It may be that one advantage of a special staff is that it gives them more time to go into cases and arrive at just conclusions. If the only object of the special staff was to ensure efficiency and to deal justly with complaints, I should not care to press this motion. Having regard to the explanation given by the Honourable the Finance Member, I do not believe it would be right for me to take the responsibility of moving for the omission of this item. But I should like to press it upon his attention, that side by side with efficiency in collection, it should be impressed upon all officers concerned in the administration of the income-tax that the tax should be collected justly and not oppressively. That is the injunction that ought to be brought home to the mind of every Income-tax Collector. If this increase of establishment will facilitate the attainment of that object, I for one, would not grudge this expenditure. Therefore, if the House has no objection, I am prepared to withdraw my motion.

The Honourable the President: The question is, that the motion be withdrawn.

The motion was, by leave of the Assembly, withdrawn.

Mr. B. Venkatapatiraju: Sir, I move

'That the provision for two Deputy Commissioners (Madras) be reduced from Rs. 37,200 to Rs. 12,000 by substituting two Deputy Collectors on Rs. 500 per mensem for two Deputy Commissioners on Rs. 1,550 per mensem.'

Now you find there is another Deputy Commissioner and Secretary to the Chief Commissioner of Income-tax and you are having two Deputy Commissioners at a cost of Rs. 25,000 more than if you had two Deputy Collectors. Is it because they have not the power of hearing appeals, for I am not sure that the new officers are given that power. If you do not give the Deputy Commissioner the power of hearing appeals and of disposing of cases that may be brought before him in regard to revenue, then I respectfully urge you to appoint Deputy Collectors because it is useless to spend more money by employing higher salaried men. If they have not got these powers, what is the reason for employing higher salaried men?

One more factor is that we know the reasons why the appeals are fewer now, it is because they are rejected without the cases being heard sometimes. A vakil in Madras cannot appear in income-tax cases by right. They are obliged to pay income-tax assessment besides paying Vakils' fees when they are frequently rejected. Why should they pay? We in this House can see that no economic purpose would be served by having these high salaried officials. I have nothing to say against them but I do think we should manage with a low salaried official. We have got to make retrenchments and conserve our finances and I do not see any necessity for two Deputy Commissioners when two Deputy Collectors on a much less salary would do equally as well.

The Honourable the President: The question is, '*that the provision for two Deputy Commissioners (Madras) be reduced from Rs. 37,200 to Rs. 12,000 by substituting two Deputy Collectors on Rs. 500 per mensem for two Deputy Commissioners on Rs. 1,550 per mensem.*'

The Honourable Mr. W. M. Hailey: Sir, I should like to answer the question which has just been asked us by reading out a portion of a despatch which we sent to the Secretary of State on this subject. Our proposals were these :

'It has generally been agreed that in each province the specialised staff should be under the control of an Income-tax Commissioner ; under the Commissioner there will be a number of Deputy Commissioners, varying according to the size of the province, and under the Deputy Commissioners a staff of Collectors. The Collectors, whose status will be generally that of officers of the Provincial Civil Service, will do the actual work of assessment, while the Deputy Commissioners will supervise the work of Collectors and also hear appeals from their assessments.'

It is exactly, Sir, in order that we might have proper proceedings for hearing appeals, that two Deputy Commissioners of this status have been proposed. Now, my Honourable friend, Mr. Samarth, compared our proposals for Madras with those of Bombay, and he said they managed in Bombay—and managed very efficiently—with a far cheaper staff. I should like to remark that these two Deputy Commissioners are not meant as I understand for Madras City only ; they are meant for the Madras Presidency as a whole, and if you compare the total scale of expenditure on income-tax establishments in Madras with those in Bombay, you will find that Bombay spends over 2 lakhs—or proposes to spend 2 lakhs—a year more than Madras.

I should like to point out to the House that big as these sums demanded for income-tax establishments may seem, they are not on the whole of an extravagant nature. Our total income-tax estimated collections are 22 crores and 39 lakhs of rupees, and our estimate of expenditure is less than 2 per cent. Now 2 per cent. for the assessment and the collection of income-tax is not, I think, a high figure when you come to consider the vast area of country over which these collections extend, and the great variety of books that have to be translated and audited for the purpose, I think you will agree with me when I say that in the circumstances, 2 per cent. is not a very high figure for assessment and collection.

As for the rest of the points under discussion, I do not think I need argue them again. But my Honourable friend, Dr. Sapru, has asked me to read one paragraph from a United Provinces report to confirm what he himself said a short time ago, as his own experience gained as an outsider, regarding the improvement of income-tax work. When I have a good case, Sir, I always like to leave it for the support of other Members of this House, and I claim that I have got ample support here, and no special plea on my part is necessary at all. This is what Dr. Sapru has asked me to read out:

'The appointment of a special agency to deal with the assessment of income-tax, on the necessity for which the Board laid great stress in their last triennial review, was distinctly an experiment and has been fully justified by the financial results. But an equally important point was the need for careful assessment in the interests of the tax-payers themselves as frequently large sums are involved. When the new Act came into force, the Government of India expressed its desire that the Act should be administered in a sympathetic spirit, and in particular, that assistance should be given to assessees if they found any difficulty in filling up their returns of income.

This object has been kept in view by assessing officers, many of whom, particularly in the larger cities and trading centres, have won the good-will and respect of the assessees while not whittling down assessments. An assessment to be accepted without cavil must be understood by the assessee and the time devoted ungrudgingly by many officers to explaining the methods followed and results obtained has been amply repaid. Not that the tax has become popular, but friction has decreased in its administration.'

After that, Sir, I do not think it is in the slightest degree necessary to answer either the gibe of Mr. Venkatapatiraju regarding the bribe-taking propensities of our establishment or the suggestion that the whole of this work could be done efficiently in spite of the altered circumstances regarding Income-tax Law, by the Ordinary Revenue Collectors.

Mr. B. Venkatapatiraju: I do not press my amendment, Sir.

Mr. E. L. Price: The House is faced, I should think, with a determined effort on the part of Madras Members to get rid of competent and well-paid officers and get cheaper ones in their place.

The Honourable the President: Order, order. I understand that the Honourable Member wishes to withdraw his motion.

Mr. E. L. Price: But, Sir, I want to accept his offer and get such a good officer transferred to Sind.

The Honourable the President: The Chair cannot be expected to make itself a party to corrupt bargains! (Laughter). The question is, that the motion* be withdrawn.

The motion was, by leave of the Assembly, withdrawn.

PROVISION FOR NINE INCOME-TAX DEPUTY COLLECTORS (MADRAS).

Sir P. S. Sivaswamy Aiyer: Sir, I do not move 2 (*b*), *viz.*,

'That the provision of Rs. 32,400 for 9 Income-Tax Deputy Collectors (page 17) be omitted.'

It covers more or less the same ground as my motion regarding Deputy Commissioners.

COMMISSIONS TO PRIVATE INDIVIDUALS.

Sir P. S. Sivaswamy Aiyer: Sir, I beg to move

'That on page 17, the item 'Commissions paid to private individuals—Rs. 1,200, be cut out.'

I take it, Sir, that this term 'private individuals' is a euphemism for tale-bearers and informers. I think the work of the Income-Tax Department can be administered sufficiently well without the payment of *bakshish* to informers, and that we might very well trust to envy and spite to help the Department even better than to informers. It may be said, that after all, the amount involved is very small. But I object on principle to the grant of this sum to informers, and I do not think that the Department will stand to lose very much by the omission of this small sum of Rs. 1,200. On the other hand, we gain by the assertion of a principle that tale-bearers shall not be paid.

The Honourable Mr. W. M. Hailey: Sir, I must confess to ignorance. I do not really know what this Rs. 1,200 is. I surmise that as a matter of fact it is not really a commission; it is only a payment for collection which is made to certain heads of firms. If, Sir, it does really represent what my Honourable friend thinks it may do, that is, a payment to informers (which I cannot believe), I would unhesitatingly agree to cut it out. And, as it

Vide page 170 of these Debates.

is, Sir, the sum is so small one way or the other that if the House thinks that it is undesirable, by all means let us cut it out.

Sir L. P. Watson: Up until recently Government allowed a very small commission to those employers of labour who collected income-tax from their employees, and as I was one of those who did this, it is just possible that a portion of the sum of Rs. 1,200 found its way into my pockets. It was not a bribe.

The Honourable the President: The question is,

'That the provision of Rs. 1,200 for commissions paid to private individuals (page 17) be omitted.'

The motion was adopted.

Sir P. S. Sivaswamy Aiyer: Sir, I do not wish to move the other motions. My objections to all these lump provisions are covered by the understanding we arrived at this morning.

Mr. Piyari Lal Misra: Sir, my motion is a very simple one and it is this :

REDUCTION OF THREE APPOINTMENTS IN THE CENTRAL PROVINCES.

'That the sum of Rs. 1,47,720 be reduced to Rs. 96,720 by the reduction of three appointments of Income-tax officers, 1 Commissioner and 2 Deputy Commissioners, in the Central Provinces on page 23, Demand No. 2.'

Sir, by this motion I ask the House for a saving of Rs. 51,000 by cutting out three appointments, *i.e.*, one Commissioner's which carries a salary of Rs. 27,000 per year and two Deputy Commissioners' which carry a salary of Rs. 24,000 per year. Sir, it is a well-known fact that the Central Provinces is one of the poorest and backward provinces in India, and a saving of Rs. 51,000 per year will be of immense use for fostering the industries and other things which are very necessary for the province. Sir, you will notice that I have not touched the 13 Collectors under this heading whose pay is Rs. 96,720. Therefore, my submission is that these 13 Collectors are quite enough to look after the work of income-tax. The present Deputy Commissioners in the Central Provinces have, if I may be permitted to say so, very little work to do. They have besides some miscellaneous work to look after, some revenue appeals and some criminal appeals. Therefore my submission is that this work of income-tax may be entrusted to these Deputy Commissioners in the Districts. As regards the Commissioner's work of income-tax, the present Inspector-General of Registration who is in charge of that work is quite sufficient for the purpose. There has been a lot of discussion over these Mahajan accounts and other things I wonder who these Deputy Commissioners are. As far as my experience goes, and as far as these Income-Tax Collectors whose number is put down here as 13 are concerned, about a couple of these Collectors who have recently been put in under the Department of Income-Tax are fresh from colleges. They passed out about six months, ago if not more, and they were at once put in as Collectors of Income-tax. I ask the House what experience of accounts, complicated accounts of Mahajans, they have got? Practically none. Similarly, I am not in a position to state the experience of the two Deputy Commissioners who have been put down here. But so far as I understand, and so far as my knowledge and information go, these two Deputy Commissioners are not possessing that experience which a man ought to possess in checking the accounts of these bankers and Mahajans. However, as I have submitted before, I have allowed these 13 Collectors. The remainder of the work may go to the present Deputy Commissioners and the work of the Commissioner may be taken up by the Inspector General of Registration.

This is all I have to say.

The Honourable Mr. W. M. Hailey: I think the House would join with me in wishing that Mr. Piyari Lal Misra had discovered a little earlier the iniquitous arrangement which we are proposing in the case of the Central Provinces. It would have given the House and myself a little longer time to think over it. But my answer will be a short one. If I have carried, as I hope I have, the House with me in regard to this system that we propose to introduce in other provinces there is no special reason why we should not introduce it in the Central Provinces also. Whatever the virtues of the Inspector General of Registration and similar officers to whom my Honourable friend referred, I believe that I am well advised in thinking that a special Income-tax Commissioner would probably be even more successful. Now, Sir, with regard to the particular points raised, I am afraid that Mr. Piyari Lal, if he carries this amendment of his, will find himself in the unfortunate position of one of those careful house-wives who by scraping and economising make savings in their daily expenses only to find those savings taken away from them by a tyrannical husband. If the House cuts out this sum of money from this budget, the saving will not go, as Mr. Piyari Lal hopes, to his distressed province, but will be re-appropriated by this Assembly for its own sinister purposes. Now, Sir, he asks us who these two Deputy Commissioners are. They are, if the Central Provinces is following the system followed elsewhere, promoted Provincial Civil Service officers.

He says that he does not think that they are experts at their art. In that case the best thing would be, when the case comes up next year, for us to propose to the House that they should be paid Rs. 1,500 instead of Rs. 1,000, in order to get special experts. For the present I should advise the House to allow that provision to stand.

The Honourable the President : The question is, that this reduction* be made.

The motion was negatived.

REDUCTION OF THE DEMAND UNDER HEAD 'TAXES ON INCOME' BY RS. 8,03,060.

Rao Bahadur T. Rangachariar: Sir, I beg to move,

'That the demand under head Taxes on Income (No. 2) be reduced by Rs. 8,03,060.'

On page 16 of the Budget Estimates Honourable Members will find the total expenditure under this head was only 8,11,809 and the revised estimate for last year or rather for the outgoing year is 11,55,000 and Honourable Members will notice that the proposed expenditure is 29,78,000, that is, more than three times what it was in 1919-20, more than two times what it is in the current year. Honourable Members will also notice that for the United Provinces for which so much credit was claimed a few minutes ago, from 1,88,000, the proposal is to increase it to more than 5 lakhs. Similarly, for Bengal, the proposal is to raise the amount from 1,64,000 to nearly 4 lakhs and for Bombay from 3 lakhs to nearly 6 lakhs and for Madras from 1,78,000 to nearly 4 lakhs. It appears to me that at a time when the financial position is what we are passing through, the Department is trying to push through schemes rather hurriedly. On that ground, I appeal to the Honourable the Finance Member that he should put some check on the pace at which this Department wants to progress, for really we cannot afford at this time to spend so much, it is more than three times what the expenditure was in 1919-20. Looking at the details also, we find a number of lump provisions which were dealt with this morning, but even apart from the lump provisions, there must be some way of checking this expenditure and I await the information to be given by the Honourable the Finance Member for this extraordinary increase in this Department.

Mr. J. Chaudhuri: Sir, I would invite the attention of the Honourable the Finance Member to the increase of income-tax establishments in Bengal, which has risen from last year's revised estimate of 1,64,000 to 3,96,000 and I would also invite his attention to the fact that while the deficit in respect of Establishment charges that the Government of Bengal had to make good was 1,15,923 in 1919-20 in the current year, it is put down at 1,29,000 in the 1921-1922 Budget. That is, out of the provincial share, we shall have to pay a contribution to the Government of India to the extent of 1,29,000. Now we have been demanding a share of the income-tax and we have been running our province at a deficit of 2½ crores and therefore, I do not consider it at all fair to Bengal to further debit Bengal to the extent of 1,29,000. At least the Finance Member, in justice to Bengal, should give us relief to that extent and that is my submission.

Babu K. C. Neogy: In reply to my Honourable friend, Mr. Piyari Lal Misra, the Honourable the Finance Member suggested that the provinces would not gain by any reduction that we may make in the income-tax establishments. But I like to remind this House that under the new financial arrangement each provincial Government is required to pay 25 per cent. of the cost of the special income-tax establishments as a condition of being allowed to enjoy 25 per cent. of the increase of assessment over the income-tax revenue of 1920-21.

In regard to this matter, I put some questions and it is quite clear now that the concession is altogether illusory, particularly in Bombay and Bengal. The reason is that the income-tax revenue of the ensuing year is calculated to fall below the revenue of 1920-21 in some provinces and also that we have to find a quarter of the cost of the income-tax establishment in each province. So that if the cost of income-tax establishment goes on increasing and increasing, the concession which was intended to be made to the provinces by the Joint Parliamentary Committee would be altogether worthless and Devolution Rule No. 15, clause (1), would become a dead letter.

Rai J. N. Majumdar Bahadur : Sir, the other day my Honourable friend, Sir Godfrey Fell—whom, in spite of my prejudices, I have come to like for reasons which I cannot tell—said that the more you spend on the Army, the better for India. To-day I heard another Honourable Member say 'The more you spend on income-tax establishment, the better for India'. The idea seems to be that you benefit India by spending more money all round. Why indeed should one Department have the monopoly of spending? On that basis, the Honourable the Finance Minister was quite justified in saying that we should spend more on income-tax establishment. But I am rather surprised that with the same establishment, with the same officers almost, we shall have to pay more than thrice what we paid before. As I have already said, we have not opened a special college for training income-tax officers, neither are we going to indent for them on Germany or England. The very men who are now doing the work will do it in future, but all of a sudden we are raising our establishment to twice or thrice its present strength. This is serving India with a vengeance and India may well exclaim 'Save me from my friends.' The Government position appears to be that the more money we spend on income-tax establishment, the richer we shall be; the more men you appoint to do this work, the more money will they secure from people who cannot pay income-tax. That is, I think, to gradually relieve them of their all and to send them to 'the bourne from which no traveller returns'.

Vide page 172 of these Debates.

Now, in Bengal, there are two Income-tax Collectors at present and we are going to increase that number to three. What justification is there for that ? The same incomes have to be assessed; then, why should there be three men if two men were quite enough before. Then, in place of 120 clerks we are now to have 164 clerks. All this increase means so much loss to the Government itself, because the more we increase establishment the less income comes to the Government. Therefore, I say, we ought to reduce our establishment and economise our administration as much as possible. The Government, on the contrary, has been in the habit of spending money extravagantly for a long time and cannot show any economy even in these days of high prices.

The Honourable Mr. W. M. Hailey: Sir, I am afraid I did not gather sufficient of that somewhat confused symposium which was presided over just now by my Honourable friend, Rai J. N. Majumdar Bahadur, to reply at all effectively to the criticisms he may have given the House. No doubt those in the immediate vicinity of that cheerful conversation may have gathered more than I did of its exact purport. I merely, for my own part, gathered that he wished to be saved from his friends (which is a little ungrateful in view of the prompting he has received from them) and reproved Government for giving way to the extravagant course of paying the same officers more money for doing the same work. I have tried to point out to the House, Sir, that that is not the case. The proposed Department is in great part a new Department.

As for Mr. Chaudhuri's objection that the concession to Bengal was rapidly becoming worthless owing to the increase in the cost of establishment, I would point out, Sir, that we have made no attempt to force this establishment, or any part of the cost of this establishment, on the Bengal Government; if the Bengal Government does not agree to an increased establishment, there will be no increased establishment in Bengal.

But, Sir, the Honourable Mover of this Resolution had a really more important point Taking the figures on page 16, he pointed out what appeared to be a very great increase in cost as between the revised estimates of 1920-21 and the budget estimates of 1921-22. I wish to explain to the House that the figures of 1920-21 and 1921-22 both refer to the Imperial share ; but in 1920-21, this was one-half, and it is now three-quarters. That is a partial explanation at all events of the great increase that appears to have been made between the revised estimates of the existing year and the budget estimate of the year to come.

Rao Bahadur T. Rangachariar: Do I understand that we must multiply the second part by two ?

The Honourable Mr. W. M. Hailey: Yes, Sir ; he may take it that the total cost of the establishment in 1920-21 was 22 lakhs, approximately.

Well, Sir, I do not think it is necessary for me to re-argue the whole case. Either, we are justified in proposing what is practically a new income-tax special establishment in order both to equalise assessments and to bring in more money, or not. We have framed our estimate of revenue for the coming year on the understanding that we shall have such an establishment and shall benefit by its labours. Unless the House is willing that we shall employ such an establishment, it will be necessary for us, I am afraid, to reduce our estimates of the approximate revenue that is to come to us in the coming year.

We have deliberately, even at a time of difficulty like this, we have deliberately proposed this increase of establishment for two reasons; firstly, in order that we may give full justice to the assessee in view of the fact that our maximum assessment, if it is accepted by the House, will now go up and secondly, in order to improve our collections. I believe that by employing the extra staff we shall earn enough to pay for it several times over.

The Honourable the President : The question is,

'That the demand under head 'Taxes on Income' (No. 2) be reduced by Rs. 8,03,000.'

The motion was negatived.

LUMP PROVISION OF RS. 3,88,000.

Mr. B. Venkatapatiraju : I move,

'That lump provision* of Rs. 3,88,000 be reduced by one lakh'.

If the lump provisions have to be placed before the Finance Committee, emergencies excepted, I propose to withdraw my motion.

The Honourable Mr. W. M. Hailey: Sir, you will perhaps allow me to say that I have already given a guarantee to my friends opposite that the proviso will apply to all lump estimates. I do not know, Sir, if you wish that I should formally move that proviso to the motion.

Sir P. S. Sivaswamy Aiyer : I think it is quite sufficient for us, Sir, to have the assurance of the Honourable Member ; it is not necessary that the formula should be formally repeated.

The motion was, by leave of the Assembly, withdrawn.

Vide page 21 of Blue Book.

The Honourable the President : The question is,

'That a sum not exceeding Rs. 28,38,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March 1922 in respect of Demand No. 2, Taxes on Income '.

The motion was adopted.

The Honourable Sir Thomas Holland : Mr. President, I beg to move

'That a sum not exceeding Rs. 1,17,95,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for the provision of Salt '.

Salt.

Mr. B. Venkatapatiraju : Sir, in view of the assurance given that the concession will be applicable to all these lump provisions, I do not propose to move the motion, which appears in the List of Business.

Mr. E. L. Price : Sir, may we be made aware of what is happening? Nobody ever here knows.

The Honourable the President : Order, order. I am just deciding what is happening.

IMPROVEMENT OF SALT SOURCES.

Sir P. S. Sivaswamy Aiyer : Sir, I do not think it necessary to move the Resolution which appears against my name

'That the lump provision of Rs. 7,00,000 for improvement of salt sources be omitted '.

I think it is covered by the understanding we have arrived at this morning that all these lump provisions will be subject to the scrutiny of the Finance Committee and will not be drawn upon without their concurrence except in emergent cases. I do not, therefore, propose to move it.

Mr. B. Venkatapatiraju: Sir, on page 28 of the estimates we find provision for 963 Assistant Inspectors and Sub-Inspectors has been made at a cost of Rs. 10,87,680. I beg to move

'That that sum should be reduced by one lakh of rupees '.

My reason is this, that though in previous years there were 3 more persons or 966 in all, the expenditure in 1919-20 was only Rs. 6,60,000 and the budget estimate was only Rs. 7,13,880 last year while the revised figures are only Rs. 6,72,000. I find that now after reducing the number by three, there is an increase of about 4 lakhs, or of nearly 60 per cent. I do not think that such an abnormal increase is necessary for these officers, and, therefore, I suggest it may be reduced by one lakh.

The Honourable Sir Thomas Holland : Sir, I am very sorry indeed that Sir Sivaswamy Aiyer and the other section of the Madras company on that side of the House have decided to drop all the Resolutions, because any one of them we could have defended in detail before the House without any further reference to the Committee, if necessary, except this. This is an item that is not a lump provision, but it is a very complicated issue that is before us. It is a proposal that has originated in Madras and I have no doubt that the Honourable Mover has a great deal of inside information with regard to the conditions there. The real reason why we cannot at this short notice give a complete and detailed analysis of the figures to the House is due to the fact that in Madras the excise and the salt establishments are to some extent mixed together. We are now making a special examination of the establishment with a view of separating one from the other. For the time being this estimate has been sent in by the Madras Government, and we have to act on it in order that the establishment may carry on. As Mr. Innes told you on several occasions this morning, it does not in any way mean that the details will be necessarily sanctioned. Now, one of the questions which will arise when we begin to separate the excise, which is as you know a transferred provincial subject, from salt which is under the general control of the Government of India – the Madras Government acting as the Government of India's agent—one of the difficulties which will arise will be the charge that might conceivably be made on behalf of the Madras Government for what I think my friend, Mr. Rangachariar, called this morning, that expensive Board of Revenue. The Madras Government will want us to bear a portion of the cost of the general supervision by taking over the expense of one Member, or at any rate, the equivalent of one Member of the Board of Revenue. It is, therefore, not possible at this stage to give to this House a definite detailed assurance that all these officers are necessary, and that their scale of pay is necessary, we have to take it for granted from the Madras Government. You will notice that the item deals with a very large number, 966, of subordinate officers, Assistant Inspectors and Sub-Inspectors, ranging in pay from Rs. 60 to Rs. 200 a month. The chances are that these men are not over-paid. I know something of the other parts of the Salt Department, and I am quite willing to defend any proposals that we have made for a revision of the terms of service. There is a great deal of responsibility in the hands of these subordinate officers, a great many temptations are put in their way, and it is our duty to be quite sure that they are contented approximately with their lot, and that they can carry on their work without considering that they have any special personal grievance against the Government.

Apart from that, there is, as I said before, the danger of such a large body of compact men taking to themselves the recognised methods of forcing our hands. If the House will allow of the examination of this item, either departmentally or by the Finance Committee, I myself shall be very glad indeed to have it thoroughly sifted in that way. As I said, we got notice of this only this morning. A part of the charge has to be examined in the Commerce Department in connection with excise ; and a part of the charge in my own Department in connection with salt. It has not been possible in the few minutes that we have been allowed to be absent from the Assembly, to find out in detail exactly how each constituent item of the total can be substantiated. I have not the slightest hesitation in offering that the proposals should be examined by the Finance Committee if that will satisfy the Honourable Mover.

Mr. B. Venkatapatiraju: That will satisfy me and I wish to withdraw my motion.

The Honourable the President: The question is, that leave be given to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

REDUCTION OF THE DEMAND UNDER HEAD 'SALT'.

Rao Bahadur T. Rangachariar: Sir, my motion is

'That the demand under head Salt (No. 3) be reduced by Rs. 25 lakhs'.

My object in giving notice of that motion was to draw attention to the following items, some of which have already been dealt with :

At page 26, the lump sum provision of Rs. 7,00,000 for the improvement of the salt source at Sambhar.

I am glad Sir Thomas Holland explained this thoroughly to our satisfaction this morning. It is a very productive investment and I am thankful to accept it.

At page 25, the lump sum provision of Rs. 2,00,000 for revision of establishment.

At page 28, the provision of Rs. 5,07,050 for travelling allowance.

This seems to be a very large amount for travelling allowance.

At page 29, the provision of Rs. 71,800 for 'other contingencies'.

This seems to be a very large sum for contingencies.

At page 33, the provision of Rs. 7,00,000 for revision of establishment.

At page 33, the provision of Rs. 3,00,000 for local allowance.

This seems to be too big an item without any details.

At page 34, we have got provision for the North West Frontier which is costing us a great deal.

At page 36, the provision of Rs. 13,000 for office expenses and miscellaneous.

I cannot follow what these items are and I shall be grateful for some explanation.

The Honourable Mr. W. M. Hailey: Purely on a point of arithmetic, Sir, may I point out that these items do not amount to Rs. 25,00,000. The Honourable Member must give us some further cuttings if he wishes to bring the figures up to the full total of Rs. 25,00,000.

Rao Bahadur T. Rangachariar: I will be satisfied with an explanation on these points. The other amounts are in thousands and I do not care about them.

The Honourable Sir Thomas Holland: May I take it, Sir, that the Honourable Member, in criticising these items, wishes to have them cut out entirely even if they do not amount to the Rs. 25,00,000 mentioned in his motion.

Rao Bahadur T. Rangachariar: If no satisfactory explanation is forthcoming, I would have them cut out.

The Honourable the President: If the Honourable Member wishes to cut out any items, he ought to put down a motion on the paper to that effect. It is very hard on the Government, and it is very difficult for individual Members of the Assembly, to follow the process of his argument unless he divides it up, as other Members have done, and moves each one separately. The question he has put to Sir Thomas Holland raises quite a different point and he may put in the form of a general criticism. But when he wishes to raise points as specific as those which he has made, he ought to put them down as motions for reduction of the particular items to which he refers.

Rao Bahadur T. Rangachariar: May I explain, Sir, that I refer to them as instances requiring examination showing that this increased grant demanded under this head has not been explained. I only refer to them as instances in support of my position that there is no need to increase the estimate from Rs. 1,56,00,000 this year to Rs. 1,58,00,000 next year.

The Honourable the President: The Honourable Member is perfectly entitled to do that, if he wishes to make a general criticism that the administration of the salt revenue is extravagant. But he is not entitled to expect the Government to be prepared with a detailed reply to criticisms on specific points unless he gives notice beforehand.

The Honourable Sir Thomas Holland: I am quite willing to meet the Honourable Member in this way. It is quite impossible for the House, obviously, to accept his illustrations, because, if you took the question of Rs. 5,70,000, say, for travelling allowance and you wanted to save your Rs. 25,00,000 by using that as one of the constituent items, then all officers must stop travelling at once. There will be no inspection work done by inspectors.

If we are going to deal with the Budget in a business-like manner, we must try to introduce some form of criticism that would prevent Government—and when I say Government, I mean Local Governments too—from indulging in extravagances. I quite agree with the object of the Honourable Member, and I welcome his co-operation in helping us to check what we sometimes look upon as a slight tendency towards generosity on the part of Local Governments.

We sometimes get sent notices for the sanction of demands by Local Governments without sufficient detail to enable us to judge of the merits of the proposals and we return them when we are not satisfied, for further explanation, and one result is that we become extremely unpopular with Local Governments—I should like that unpopularity to be shared by this House. There is not the slightest doubt that we would not hesitate for a moment to allow these items to be checked by the House, as a whole, and for that matter, by any Committee. We do want the help of the House, especially in regard to checking those items that come from the provinces. It is those particular items that we are not, as Members of the Government of India, in a position to check from personal observations.

As to the points that have been raised in connection with the Northern India Salt Department—the Department which is under my administrative control—I have not the slightest hesitation on any short notice in taking up the items that the Honourable Member would like to have investigated. We, who are in touch with the progress of that Department from day to day, and thus know the reasons for each proposal that is made in the Budget. But with regard to the provinces, we want longer notice for a question of this sort and we expect the House to meet us also in a reasonable way and not to expect detailed answers to criticisms of proposals sent up to us by the Local Governments—criticisms of questions of which we ourselves are only provided with abstract information.

Now I will take one or two of these and I hope to occupy the time of the House only a very short while. Take, for instance, the first one mentioned by my Honourable friend as to the provision for the revision of establishment. Well, that establishment consists mainly of the Preventive establishment of the Northern India Salt Revenue Department, a part of which is estimated to cost in extra remuneration for inspectors the sum of Rs. 61,500; the other part will be devoted towards the improvement of the pay of the inferior establishment, namely, the sum of Rs. 1,38,600, making a total of Rs. 2,00,200.

We are told by the Commissioner of the Department that several of the officers have already left or are leaving the Department because they are not satisfied with the pay they are receiving, and it is said that others will leave soon. But apart from that we are suffering most distinctly and noticeably—in the class of officers we are able to recruit for the salaries now offered. It does not pay the Government any more that it pays business firms to employ an officer who cannot earn his salary and we are driven now, because of the low standard of pay, to accept recruits who are not quite up to the standard to which we have been accustomed in the Department.

Now I will deal with the second point which I referred to this morning and it is a much more interesting one and I know the Honourable Member does not dispute it because what he is out for is to restrain the increase of establishments. That is all very fine as far as it goes, and he may make as many speeches as he likes in this House, but he will never become so effective as my Honourable friend, Mr. Hailey, has been in the last two or three weeks, or so disagreeable to the rest of us. Take the case of the question of the improvement of the Salt source at Sambhar. I mentioned very briefly this morning the real reasons why this was put in the form of a lump provision and why it was we were forced to accept an estimate of only 7 lakhs. If we are going to reform Sambhar, we shall want 23 lakhs straight off and we shall want something like 15 or more lakhs to reform the Salt source in the Punjab. We got the whole of our Budget knocked down, as I said, to 7 lakhs and thus we were driven to reconsider our position. Well, our position is this. If we do not reform Sambhar this year, we are going to lose the next monsoon and we are going to have a shortage of salt. So far as the Punjab mines are concerned, we can go on as we are going on now and as we have gone on since the days of Akhbar. The lake is undergoing serious degeneration. The degeneration is real without any question, but it is sufficiently slow to enable me, if I wish, to shunt my responsibility, and leave my successor to pay the bill. The annual output in the case of Sambhar is something like 55 lakhs of maunds of salt. Now it is extremely variable and here comes in one reason why we want to reform our methods. One year—in the year 1918-1919—we had as much as 111 lakhs of maunds of salt. Sambhar is dependent on the monsoon, and the monsoon in Rajputana is by no means as regular as the average monsoon of India as a whole. In some years the lake at the end of the monsoon fills and covers an area of 60, 70, or 80 square miles. Then the drying process sets in at the end of the rainy season and small pans are constructed round the edge of the lake. The brine thus formed in the latter is drawn off into the concentrating pans and at the end of the manufacturing season

the salt is gathered together in heaps and finally assembled in central stations for storage and disposal.

Now I have told you this long story because it gives you at a glance what it means to us when in one year we get 111 lakhs of maunds of salt and in another year we do not get more than 20. It means that this year for instance, which is the end of a bad monsoon, we are going to lose our labour because we cannot afford to keep our labour doing nothing. The lake is already dry. Our manufacturing season is over. February, March, April, May and even June will be wasted and we have got to wait until the end of the monsoon and trust to a good monsoon before we can employ labour again.

Now what does it mean: It means that we lose our labour and we have got to collect it again before the end of the monsoon. If the monsoon is a good one, labour is not so easily attracted, and if the monsoon is a bad one, we have to discharge what little labour we use. That is the kind of thing we have been driven to, simply because the old salt officers who have had little or no technical training have looked upon Sambhar as a 'gift of Heaven' and that nothing should interfere with the course of nature.

For many years we have been studying these questions. At any rate I have studied it myself with a great deal of interest, because it happened to come into a question of research in the old days when I lived a happy life in science.

And the result of the scientific work in those days now become the basis on which we are building schemes for reform of manufacturing systems there. In 1919, when I was acting for Sir George Barnes in the Commerce Department, I managed to get the services of Captain Bunting, a distinguished Irrigation officer, from the United Provinces. Captain Bunting went to Sambhar lake, and thereafter making a more full survey of the lake, and after a rapid survey of the situation, he went to England on leave and there he met me on my second retirement. Both of us took up the question, consulted as many experts as we could at Home, and visited the different places where we could get information with regard to the schemes which we had in hand for reforming the work of the lake. We propose to put up a bund across the narrow part of the lake where there is deep water, but laterally a series of constrictions. That will be the cheapest way of connecting the north with the south.

Rao Bahadur T. Rangachariar: I did not want an explanation of that.

The Honourable Sir Thomas Holland: May I remind the Honourable Member that he is not the only Member of this House? This is one of the items that have been challenged, and I take it for granted that the other Members are desirous of knowing what they can about this subject. Sir, it is not time thrown away to consider this question of the arrangements, because it tells you why it is we have got to deal with a lump provision. When the monsoon fills the lake, we arrange to pump the water from the main body of the lake over this narrow bund into an eastern constriction, and there we shall be able to maintain a body of brine throughout the year. There we shall continue our manufacture right up to the beginning of the next following monsoon. We shall be able in that way to retain our labour. And here comes the expenditure division of our Budget. There are two ways of handling our salt. One is by manual labour, as we are driven to now. The other is by the introduction of mechanical methods of assembling. Give me money, and I will introduce mechanical methods of assembling, and thereby in the long run save the great labour Bill. But that money is not available. The only money that is available now is money enough to construct the bund before the next monsoon. Otherwise, as I have said before, we are going to have at the end of the year a great difficulty in the manufacture of salt and a serious shortage. Now, I am entering into this general question because my Honourable friend has raised this attack. This proposal to reduce the Budget of the Department by 25 lakhs is a general criticism of the Department as a whole. I quite agree with him that the information before the House is insufficient for this House to judge of the merits of many of the details entered into the Budget. I will go a step further and say that the information before me so far is insufficient for me to judge or in any way to give information to satisfy the House with regard to many of these items. On longer notice it is quite likely that we shall be able to obtain fuller details from the Local Governments. But we have got to remember that salt must be made, and this is an extremely delicate year for the community. As I have said before, one of our principal sources of salt has been endangered through the failure of the last monsoon. We are now making a very desperate effort to put on to the markets sufficient salt to prevent local profiteering. If you look up the prices of salt during the last few years, you will find that there is no comparison between the price of salt issued and the retail prices. Before the war we had normal ratios between the salt at the sources and salt in the market. But the ratio has recently quite changed, and one of the reasons why this change has occurred has been a local shortage of salt in the market, and the tendency on the part of merchants to undertake the game of profiteering. The only way to cure that complaint for the benefit of the poor ryot is to ensure that the market will be swamped with sufficient salt, and, as I said, we are now going through a period of great anxiety, first because of the partial failure of Sambhar and secondly because of the establishment charges that have been hitherto in force and have not been considered to be sufficient to satisfy the men, having given rise, for instance, to a strike of the miners at Khewra in the Salt Range. The miners are now on strike, and if we had not by chance imported a Mining Engineer with abundance of new energy and new ideas, who was

able to turn into account the small amount of machinery that he could scrape together, our salt situation in North India would now begin to manifest itself in a very serious rise in prices. As it is, the Mining Engineer who has arrived has considerably helped the situation, and is now turning out salt which will satisfy for the time being the immediate demands of the northern market. But I want the Members also to remember that this is not a review of accounts. We are not reviewing the accounts of the past year. We are passing a Budget which is merely what we estimate to be the money that we may want and there is no tendency on the part of the Government to spend the money merely because it has been estimated for. The Finance Department still exercises the severest control over the other administrative Departments with regard to the detailed Budgets, and afterwards with regard to their detailed expenditure. We have in all cases of this sort, at the end of the war, and in consequence of the rapid changes in the work both with regard to the number of personnel and the nature of officers employed, and the changes which have occurred in the matter of salaries, we have naturally, during the last year, had to go through a very difficult process of revising and reviewing our establishment all through India. The result has been that we have in this Budget a larger number of so-called lump provisions or provisional budgets than we should otherwise have had. We hope next year that these will be reviewed in advance by the Finance Committee. But, meanwhile, we have to carry on, and I hope that the House will have confidence in the Government sufficiently, for the time being at any rate, to allow us to carry on and not to cut off the 25 lakhs which the Honourable Member proposes, merely because he is not quite satisfied—and I do agree that I am not satisfied either—with the information at present before us. But if the House and if the Honourable Member will accept my assurance that he can come and see the details himself personally in our office, or if he wishes, in accordance with Mr. Hailey's general promise, to put them before the Finance Committee, I should be very glad indeed to give every facility to see that these items are thoroughly checked The items about which there is some doubt, or rather about which we have insufficient information, are the items sent to us by the Local Governments and we would only welcome the assistance of this House in checking their value.

Rao Bahadur T. Rangachariar: I am glad, Sir, that the Honourable Sir Thomas Holland has given a full explanation as to the improvement of the salt lake at Sambhar. The fact is that when I gave notice of these motions to this Department, he was good enough to go over to me yesterday and I showed him what my difficulties were and also showed him these very items which he has referred to. So that, so far as Sir Thomas Holland is concerned, he has no reason to complain that he did not know what items I was going to attack. He says that the points on which I wanted an explanation are all except a few matters within the knowledge of Local Governments and unfortunately the Government of India are not placed in possession of the information necessary to give details for such large items. I realise, and I daresay that the Honourable Sir Thomas Holland realises, that this is not an occasion for reviewing the administration of his Department. That was far for from being my view. On the other hand, I am here performing a duty by scrutinising the Budget presented to us for sanction and in scrutinising the Budget I came across figures for which no explanation has been given either in the memorandum accompanying the Budget or in the Budget itself, and I say that if this explanation had been given in a footnote as regards the Sambhar Lake the question would not have arisen. If similar explanations had been given in regard to the other items, the question would not have arisen and so, in view of the understanding we arrived at this morning, it is unnecessary for me to pursue the subject further as regards this lump provision. They appear to me unsatisfactory. They appear to the Honourable Member also unsatisfactory and I daresay, therefore, there will be no more occasion to go into that question again. Now that I have drawn attention to these matters of the local allowance and other contingencies and other matters that require attention, and in view of the statement made by the Honourable Member about placing these items before the Finance Committee, I do not press my amendment.

The Honourable the President: The question is, whether leave be given to withdraw the motion* for reduction of the demand under head Salt (No. 3).

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,17,95,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of Demand No. 3 Head of Account, Salt'.

The motion was adopted.

The Assembly then adjourned till Thursday, the 10th March, 1921.

* *Vide* page 176 of these Debates.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Thursday, the 10th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—LIST OF DEMANDS—*contd.*

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

The Honourable Mr. W. M. Hailey : Sir, I beg to move :

'That a sum not exceeding Rs. 1,50,73,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of Opium.'

Opium.

The Honourable the President : The question is :

'That a sum not exceeding Rs. 1,50,73,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of Opium.'

DISTRICT STAFF OF SUB-DEPUTY AGENTS AND ASSISTANT AGENTS.

Mr. B. Venkatapatiraju : Sir, I beg to move :

'That provision of Rs. 5,31,300 for the District Staff of Sub-Deputy Agents and Assistant Agents be reduced by 1 lakh.'

At page 39, Sir, you will find that for Assistant Agents and Sub-Deputy Agents, the figure was raised from Rs. 3,40,000 to something like Rs. 5,31,000.

I think to increase the amount of last year by about Rs. 1,90,000 is rather too much and I, therefore, submit that it should be reduced.

The Honourable Mr. W. M. Hailey : Sir, my answer to this would be to request the Members of the Assembly to look at the column on the left hand side to look at the pay we are giving to our Sub-Deputy and Assistant Agents and to judge for themselves whether, in view of the present prices and of the responsible work which that agency has to do, it is excessive or not. There has, I admit, been an increase in pay, but the question before the House is this : Is the present rate of pay an excessive rate of pay or not ? This Department, Sir, earns us a considerable amount of money. If you take the figures that you find in the Budget, our total demand is for Rs. 1,50,73,000 *plus* about a lakh unvoted and our receipts are Rs. 3,72,85,000. That means a profit of Rs. 2,21,06,000 or 221 lakhs. I do not think the Assembly would desire to starve the establishment which earns that very handsome revenue.

The Honourable the President : The question is :

'That provision of Rs. 5,31,300 for the District Staff of Sub-Deputy Agents and Assistant Agents be reduced by 1 lakh.'

Mr. P. P. Ginwala : Sir, I am one of those who find a great deal of difficulty in dealing with this Budget. When the Budget is sent to us we are expected to know all about the various departments with which it deals. It may be that some Honourable Members are familiar with the working of all the departments of the Government of India, but for myself I frankly confess that, unless a great deal more is given to us by way of information by any Honourable Member who moves for a demand, we are not in a position to take any intelligent interest at all in this mass of figures which is called the Budget. I will make my position clear if I can. The idea of a discussion on the Budget is that it first of all gives the Government an opportunity of taking from us such sums of money as the Government thinks it requires for its purposes, but if we are following the parliamentary procedure I think one of the objects of the Budget discussion is also to give the Government an opportunity on the one hand to tell us what its policy is in regard to any particular demand with which we are dealing at the time and to give the House an opportunity on the other of discussing and raising points of policy which are covered by the demand. Dealing with this question of opium, for instance, the Honourable Finance Member is of course willing to give us any information that we ask him for, but how are we in a position to say, Sir, whether this sum needs to be spent or not ? Speaking generally . . . .

The Honourable the President: Order, order. That is precisely the form of speech that is out of order. The Honourable Member may not speak generally. He must speak to the particular question raised by the motion.

Mr. P. P. Ginwala: Yes, Sir, I am referring to the amendment. Now, if we are going to vote on the demand at all we must know how that amendment, if carried by the House, is going to affect the opium revenue and the Government interests under the head of opium. I should have expected that the Honourable Finance Member would explain to us some of the items, in regard to the amendment that we are dealing with. For instance, he ought to be able to say that such and such a sum is required for such and such a purpose. If we are not given this information the result is that we are absolutely groping in the dark. Since yesterday we have not arrived at any concrete result. We asked for the deletion of certain figures and we were told that they could not be deleted or reduced because the Government had such and such a policy to work out. I am merely asking the Honourable Member to make our position easier by introducing his demand on a particular subject so that we can follow better what is intended. That was done in dealing with the question of salt yesterday and I am sure it was very much appreciated by the House. Now take, Sir, for instance here, on this opium question.

Opium compensation—page 40, for instance.

The Honourable the President: Order, order. That is an instance that the Honourable Member cannot discuss. I must ask him to address his remarks to the particular motion for reduction now before the House.

Mr. P. P. Ginwala: Very well, Sir. Take any item that you like. It is impossible for us to understand what these particular items refer to and I invite the Honourable Finance Member to explain to us at least some of the items with which we are dealing before they are debated on, so that we may know which way to adopt.

The Honourable Mr. W. M. Hailey: Sir, have I the indulgence of this House while I deal with the question which has been put by the Honourable Member in regard to this particular item?

As the House no doubt knows, we have from the beginning of things strictly controlled the production of opium within British Indian territory; control meaning the prohibition of cultivation save under licence, and the requirement that all opium produced should be passed to Government at a fixed price. At one time we had direct control over a very large area indeed in the United Provinces and the upper part of Bengal. With the falling off in demand for export opium, owing to the change in our relations with China, we abandoned the production of opium in Bengal itself. That is to say, that whereas we had two agencies before one in the United Provinces and one in Bengal, the work of such agencies being to give out, licences for the cultivation of opium, and to receive that opium at a fixed price from the cultivator,—with the falling off of the demand we abandoned the agency in Bengal. We now confine our operations to the United Provinces. The opium we so receive we work up in our Ghazipur factory: it is then utilised for two purposes.

In the first place, we have our export supply. That, as the House knows—certainly those Members of the House who were interested in public affairs at a time when opium used to bulk so largely on our receipts side—that has now fallen off very largely indeed; the falling off may but be expressed by stating that there has been a decline of about 4 million pounds of revenue. But we are still supplying something like 1,200,000 lbs. to the outside world. We supply none to China. About 3-4th of our total export goes to certain Governments like Hongkong, the Straits, Macao, the French Settlements, etc., who take a fixed quantity at fixed prices; the remainder is sold by auction for export under licence. That accounts, as I have said, for 1,200,000 lbs. About an equal quantity goes for the supply to licensed vendors in India itself.

Now, as I have said, we have reduced very largely indeed the total cultivation of opium; I think that it is now something like 150,000 acres against a former maximum of 640,000 acres. In order to supplement the supply which we receive from the United Provinces, we buy a certain amount of opium from Malwa, that is to say, from the Native States of Central India, and this goes with the United Provinces opium to be worked up in the Ghazipur factory. Now the demand for expenditure under discussion relates to the district staff which controls our United Provinces cultivation. The staff is under the charge of the United Provinces, and is actually administered by the Board of Revenue in the United Provinces; it is that Government which has in the first instance fixed the pay of the subordinate staff. The upper staff, the sub-deputy agents and the like, are equally under their administrative control, but the pay has been fixed by us on the representation of the United Provinces.

The Honourable Member will see that the Assistant Agents, who control the supply in the United Provinces on the system I have already outlined to the House, are paid at practically the same rates as the Provincial Service; indeed our effort has been throughout to frame their rates of pay on those of the Provincial Service. The sub-deputy agents who are charged with the work of supervision, a somewhat more responsible task, are paid from Rs. 900 to Rs. 1,400, and it is because I think that men in charge of that responsible work are not overpaid at these rates, that I put it to the House that no reduction is feasible or

reasonable. If the reduction of one lakh of rupees is made, I do not think it will be possible for us to reduce the rates of pay, and all that we could do would be to dispense with a certain proportion of the staff. If we did so, I advise the House that it would be impossible for us to collect the requisite amount of opium to comply with the requirements for our external demands and for the Indian market.

The Honourable the President: The question is. that the reduction be made.

The motion was negatived.

DEMAND UNDER HEAD 'OPIUM.'

Rao Bahadur T. Rangachariar: I beg to move, Sir :

'That the Demand under head Opium be reduced by 20 lakhs.'

In addition to my objection to the lump figures, it will be noticed by Honourable Members that on page 39, there is a special item in which there is a very large increase, namely, payments for cultivation in Malwa. In 1919-20, it was Rs. 7,32,345. The revised estimate for 1920-21 was Rs. 17,70,000. Now the Budget estimate goes up to 38 lakhs, and there is no explanation either in the memorandum or here as to why this large outlay is needed and whether this outlay is likely to produce an enhanced income. If such were the case, no doubt it would be unobjectionable. Honourable Members will also find, if they turn to page 40, that the total expenditure for 1919-20 was Rs. 130 lakhs and 1920-21 Rs. 122 lakhs. Now it is proposed to incur an expenditure of Rs. 151 lakhs and odd. It seems to me a very large addition, and compared with the revenue which they expect for the year of Rs. 287 lakhs, whether this large expenditure of Rs. 150 lakhs is a necessary investment to produce that revenue of Rs. 287 lakhs is a matter also which requires to be considered. I therefore think that this estimate is extravagant and I ask for its reduction.

The Honourable Mr. W. M. Hailey: I quite appreciate the difficulty which has been put before the House by Mr. Ginwala and the difficulties which are implied in Mr. Rangachariar's last speech. I quite see that if we had had more experience of the needs of the House in discussing our Budget, we should, in issuing it, have put forward a memorandum explaining the exact effect of the various figures presented. I can undertake that next year the House shall have a running memorandum with the Budget which will show exactly the increases proposed and the reasons for those increases. I can only say, Sir, that if we have not done so this time, it is because we are novices equally with the Assembly in the needs and requirements arising from the new manner of dealing with the Budget. I can only, if an apology is needed to the House, offer it in the practical terms of a promise to put very much fuller information before them next year.

Now, Sir, supposing that we had such a memorandum, it would have cleared up at once Mr. Rangachariar's point. There is an increase in the total sum which we demand for expenditure on opium ; it is made up mainly of the following items. There is an increase, as he himself points out, from Rs. 17 lakhs to Rs. 38 lakhs for payments for special cultivation in Malwa. There is also an increase of Rs. 9 lakhs also for payments for cultivation of opium in our own territories. That accounts at once for a considerable portion of the increase. The remainder of the increase, I think, will be found in the item which we have already discussed, namely, increase in salaries. I think that accounts for practically the whole of the increase.

Now, let me take the items individually. The first item is the heavy increase in the payments 'for special cultivation in Malwa'. As I explained to the House just now, in what was I am afraid only a very brief outline of our opium transactions, we obtain a considerable quantity of opium from our own territory, namely, from the United Provinces ; the remainder we buy from the Malwa States. We have a running arrangement with the States that we will buy up to a certain number of maunds every year—I think 40,000 maunds a year. They have had two bad harvests and last year and the year before were unable to give us anything like the usual quantity ; they have had better rainfall since and expect in the coming financial year to give us an increased number of maunds. We shall pay for it approximately the same price—I think exactly the same price per maund, but of course an increased quantity of maunds will mean increased outlay. Now, Sir, that increased quantity of maunds next year is necessary if we are to keep up our contracted supply with those Governments with whom we are under an obligation to supply opium. I may say that as a matter of fact, the position has caused us considerable anxiety this year because our reserves are so low. It takes a long time to work up opium to the state in which it is exported, and the amount we are now purchasing is essential unless these reserves are to be seriously depleted. Every penny of the money, Sir, will be well-spent, because it will go to form part of that export on which we are still making a considerable revenue. I hope the House will consider this explanation to be satisfactory. We are taking more this year because we took a great deal less in the two previous years ; and if we do not take so much more this year we may fall short of the demands of the market in the year following.

Then, Sir, as regards payments for cultivation of opium in our own territory : the House will see that there is an increase of Rs. 9 lakhs this year. For some years the cultivation of opium has not been as attractive to the cultivator in the United Provinces as in the past. No doubt the fact will rejoice the hearts of those people—perhaps there are not so many in this

country as there are in the United States and in England—who desire to see the total abolition of our opium supplies both to the outside world and to India. But it is not a point which could be expected to rejoice our hearts at Budget time, because it may imply a very considerable loss of revenue. Prices of food-grains and sugar have gone up, and the cultivator prefers in very many cases to give his worst land to opium and his best land to food-grains ; we have found that we shall have to pay him more per seer for his opium if we are to keep up the necessary supplies from the United Provinces. It is because we have had to budget for an increased payment for our opium that the sum has gone up from Rs. 81 lakhs to Rs. 90 lakhs, and I am convinced, Sir, that if we do not pay this extra sum we shall not get our opium and therefore we shall not earn our estimated opium revenue.

Rao Bahadur T. Rangachariar: I beg to withdraw my motion,* Sir.

The Honourable the President: The question is, that the motion be withdrawn.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,50,73,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of Opium.'

The motion was adopted.

Mr. J. Hullah: I move, Sir:

'That a sum not exceeding Rs. 9,67,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Land Revenue Administration.'

Land Revenue.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 9,67,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Land Revenue Administration.'

PROVISION FOR COORG.

Mr. T. V. Seshagiri Ayyar: Sir, my motion before the Assembly is:

'That the provision of Rs. 1,02,750 for Coorg be reduced by Rs. 50,000.'

Sir, this motion is brought forward partly with a view to eliciting information and partly, to drawing the attention of the Government to the anomalous state of the administration of this little province near Madras. The province itself in extent is just two times the size of a taluk in Madras. Well, it has a commissioner, and a number of officers serving under him, and the cost of the administration is very much like the cost of administration of a district. If these two taluks had been added to a district in the Madras Presidency, the cost of the administration would be reduced to one third of what it is at present.

That is not the only matter which this House should take into account. There are anomalies regarding the administration of civil and criminal justice. So far as the criminal administration is concerned, the European British subjects in that province have the right of getting a committal to the Madras High Court. The other subjects of His Majesty have to come under the jurisdiction of the Resident in Bangalore. As regards civil administration, I believe there are munsifs and there is a commissioner, and ultimately appeals have to go before the Resident. So, it is a divided administration so far as jurisdiction as to appeals is concerned. Part of it goes to Madras, part of it goes to the Resident. One cannot understand why a province so far from Delhi should be administered from here, whereas we have got a Presidency, the Presidency of Madras, which can easily administer it with less cost and more efficiency. It is for the purpose, as I have said at the outset, of eliciting information from the Government as to why a move has not been made to annex this province to Madras and why they allow this anomalous state of affairs to continue, that I have brought forward this motion.

The Honourable the President: The question is:

'That the provision of Rs. 10,27,250 for Coorg be reduced by Rs. 50,000.'

Sir P. S. Sivaswamy Aiyer: Sir, with due deference to my esteemed friend Mr. Seshagiri Ayyar, I must protest against this proposition with regard to the expenditure on Coorg. He wishes to raise the question of the annexation of Coorg to the Madras Presidency, the question whether it should remain directly under the Government of India or under the Government of Madras. Though it may be possible to bring this proposition within the limits of a discussion on the Budget, I do not think that it is quite legitimate to do so. This is really an important question, whether a particular province should retain its integrity and its independence or be annexed to some other province, and I do not think that this is the right way of raising the question in this Assembly and securing a decision. The proper way of bringing forward this question before the Assembly is to raise the issue squarely upon a separate Resolution brought forward, not during the Budget season, when we have a thousand and one questions before us, but after due notice, after the public have had time to consider

* *Vide* page 182 of these Debates.

it, and after the people of the province have had time to consider it. There are many things to be considered in a matter of this kind, and I take it that the wishes of the people of Coorg are also a matter to be taken into consideration. I have visited Coorg and I have spoken to men in that province. I know that a great many of them would desire to be attached to the Madras Presidency because they think that they may acquire greater political privileges. On the other hand, I have heard an expression of opinion to the contrary, no doubt, chiefly from European friends, who think that Coorg is treated very much better by the Imperial Government than it would be by the Provincial Government, and that Coorg gets much more handsome grants from the Imperial Exchequer than it is likely to get from the Madras Government. But, whatever may be the merits of this controversy, whatever may be the wishes of the people or of the authorities, I respectfully submit that it is not a question which ought to be gone into by us at the Budget stage. I would, therefore, suggest to this Assembly that this question should not be entertained during the Budget discussion.

The Honourable Sir William Vincent: Sir, I was not aware that the question of the administration of Coorg was going to be brought before the Assembly to-day. It has, however, come up in a somewhat indirect way and as the point has been raised, I may explain that our information is—and I believe it is correct—that the people of Coorg, as a whole, prefer to be a separate entity under the Government of India to amalgamation with Madras. We have, therefore, put forward certain separate proposals for the reform of the Government in that province. These include a Legislative Council on the lines of the Morley-Minto scheme with certain modifications. If, at any subsequent time, it is thought advisable in the interests of Coorg and in accordance with the wishes of the residents who, I understand, are different in many respects, from the residents in the Madras Presidency, to investigate this question of amalgamation with Madras, the Government of India will be quite prepared to consider it. But I may put it to this Assembly that it is a little embarrassing to Government to have a motion of this kind suddenly thrown at its head under the guise of a motion for reduction of the grant to Coorg, when it is quite impossible for the Government of India or for any of the Members of this Assembly to acquaint themselves with the facts of the case or the wishes of the people affected. I hope I can also satisfy the Assembly that a reduction of the grant is impossible for other reasons. For they will see for themselves, that if any such vital change in the whole administration of the province were to be undertaken, it would be quite impossible to give effect to it in the present year and the grant in this year's Budget, therefore, would have to be made in any case, unless, of course, this Assembly decides that the whole administration of the province is to stop.

Mr. J. F. Bryant: Sir, I admit that this motion has come before us somewhat as a surprise. I knew of it only yesterday evening and I regret I have not had time to study the matter in the manner in which it should be studied. But I have had one advantage, that is, that I have been actually in Coorg itself. I spent a considerable time there. I was in intimate contact with the people there throughout the whole of my stay. I learnt that the province did not come under the Government of India in the same way as other provinces have come under it. The people desired that it should come under the Government of India. I believe, amongst the original arrangements by which it came under British rule, there is a stipulation that it should not come under the Government of Madras.

So long as we take the wishes of the people into consideration, so long shall we be debarred from making any motion detrimental to the people of Coorg without first consulting them. The people of Coorg, Sir, are mostly planters. The staple industries are coffee and pepper cultivation. The politics of that province deal solely with the question of labour. The people prefer the Government of India's legislation dealing with labour to the legislation imposed by the Government of Madras. So long as there is a difference between the Madras Act I of 1893 which regulates planting labour in the province and the Government of India Act, XIII of 1859, which regulates planting labour for Coorg, people in Coorg will continue to prefer to be under the Government of India.

The Government of India Act suits them better and it is for them to determine whether they shall continue to prefer the rule of the Government of India. Sir, it will be anomalous for us to consider this motion without full notice being given to the people themselves who are mainly concerned.

Mr. T. V. Seshagiri Ayyar: Sir, after listening to the speeches just delivered I have not been able to realise the gravity of the offence I have committed in bringing forward this motion before the House. I began by saying that I wanted to elicit information and I wanted to draw attention to the anomalous state of affairs. Sir P. S. Sivaswamy Aiyer, probably he has been thinking of the days when he was a Member of a Council, has been so stiff-necked that no Member sitting on the other side of the bench would have been so uncompromising as my learned friend has been. It is rather unfortunate for me that at the very outset, Sir P. S. Sivaswamy Aiyer should begin with a protest against the very idea of a motion like this being entertained. All I wanted to do was to draw the attention of the Government to the point so that the Government at some future time may consider the desirability of annexing Coorg, making the administration less costly and also making the administration of civil and criminal justice more efficient and better than it is at present. It was for that purpose that I drew the attention of the House to it and I am glad that Sir William Vincent has made a promise that at some future time, when conditions improve and if the people of the province desire it, the province will be annexed. As a matter of fact, the Government of India is in the

habit of removing districts from one presidency, and adding them to another presidency. I do not know whether the Government have always been very solicitous of ascertaining the wishes of the people concerned. Then why this solicitude now with regard to Coorg? I do not want to press the matter further, but I do want that the Government should apply itself to considering this question and to seeing that the people of Coorg receive justice. and that they are not in the anomalous position in which they are at present. I beg to withdraw my amendment.

The Honourable the President: The question is, that the motion* be withdrawn.

The motion was, by leave of the Assembly, withdrawn.

LAND REVENUE DEMAND.

Mr. S C. Shahani: In the Memorandum explaining the details of the Estimates I find that Rs. 8,07,000 have been estimated for the revenue of India general and that the expenditure amounts to Rs. 6,09,000. The expenditure appears to me excessive. There must be some explanation for it and I request that the explanation be offered. What I have said with regard to the first item is also applicable to the remaining items.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 9,67,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for the head 'Land Revenue' administration'.

The motion was adopted.

Mr. C. A. Innes: Sir, I beg to move:

'That a sum not exceeding Rs. 1,29,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for 'Excise'.'

Excise.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 4,24,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for expenditure on 'Stamps'.'

Stamps.

The motion was adopted.

Mr. J. Hullah: I move, Sir:

'That a sum not exceeding Rs. 25,70,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Forests'.'

Forests.

WORK IN PORT BLAIR.

Sir P. S. Sivaswamy Aiyer: There is a motion against my name with regard to the lump provision of 2,71,000 appearing on page 52 in respect of work in Port Blair. In view of the somewhat disquieting accounts that we have heard as to the state of things in Port Blair, we should like to have some information as to the purpose for which this sum is going to be applied and whether any attempt will be made to improve the state of things that now exists there.

Mr. J. Hullah: That sum is largely made up by an item of Rs. 2,13,000 for the substitution of free labour for convict labour. It has been found that free labour is more efficient, and it is, moreover, very difficult to maintain discipline over the convicts when they are allowed to work in the forests. The policy of substituting free labour for convict labour has already been in force for a couple of years, and we hope that very soon, possibly next year, we shall be able to dispense with convict labour altogether. The rest of the sum is made up by Rs. 50,000 for the extension of the saw mill which we have in the Andamans and a sum of Rs. 8,000 is provided for the purchase of a steam-cutter.

The motion was, by leave of the Assembly, withdrawn.

EXTRA ASSISTANT CONSERVATORS.

Mr. B. Venkatapatiraju: Sir, I beg to move:

'That provision of Rs. 1,57,940 for Extra Assistant Conservators and other superior officers (page 53) be reduced by one lakh.'

Perhaps, Sir, it is my duty to explain at some length why such amendments are moved. The Honourable Mr. Innes has told us 'Why not leave the administrative business to executive officers?' I respectfully ask the Government what portion of the responsibility is left to us. Are we not even to dictate the policy? Therefore, in order to economise the administration, we have to move amendment after amendment whether accepted by the Government or not. And the complaint was made by the Honourable Mr. Ginwala that we are

* *Vide* page 183 of these Debates.

unable to sift the matter thoroughly. I am in as much difficulty as is Mr. Ginwala himself in understanding it, because the same papers are placed in his hands as are placed in mine. All the same we have to take a broad view of the question to see whether we cannot suggest in the case of abnormal growth of expenditure any reduction in any particular figure. With reference to the salaries of these officers—I am only dealing with superior officers and am leaving out the subordinate establishment—at page 53 you find the whole was increased from Rs. 2,05,000 to Rs. 5,46,000, more than 106 per cent., and with reference to the particular item about which I move from Rs. 53,000 they want to increase it to Rs. 1,57,000, that is nearly treble. With reference to developmental functions, *i.e.*, those which will produce any additional income, we should not grudge spending any amount. When I notice there are only 8 officers increased and yet we have an increase in expenditure of nearly 3 lakhs, from 2 lakhs to 5 lakhs, I ask, is it necessary that we should spend all this amount? I could very well understand if a larger number of people were employed in order to bring about this forest improvement and forest development in a large part of the country, but I find that with these 8 persons, they want to saddle the general tax-payer with an additional sum of 3 lakhs of rupees. In this matter we must either whole-heartedly criticise the Budget or leave it to the Executive to do whatever they please; there is no use of suggesting any amendment and not in pressing for it. Therefore, Sir, I earnestly request that, unless you are satisfied with the explanation given by the Executive, you must reject this abnormal increase.

The Honourable the President: The question is:

'That provision of Rs. 1,57,940 for Extra Assistant Conservators and other superior officers be reduced by one lakh.'

Dr. Nand Lal: Sir, I will invite the attention of this Honourable Assembly to this particular item, which does seem to me to be exorbitant. No reason has been assigned for the great difference. The Honourable the Mover has already pointed out the difference between the item which was demanded last year and the sum which is being demanded now. I can assist you by inviting your attention to the same question, so that you may be able to realise that this large demand is not called for at all. Under the heading 'Budget Estimate, 1920-21,' it is Rs. 53,220 and then under the head 'Revised Estimate, 1920-21' it is Rs. 51,780. What is demanded now is Rs. 1,57,940, a tremendous difference. And no explanation, no reason for this great difference has been given.

Therefore, I trust, this Honourable Assembly will accept the Resolution which has been moved.

Mr. J. Hullah: I admit, Sir, that I am not able to justify the full provision that has been made in the item under discussion. That, however, does not mean, as I shall show later, that I can accept the Resolution.

The provision for Extra Assistant Conservators and other special officers is meant to provide not only for the existing staff of these officers in the Andamans, Baluchistan, Ajmere and Coorg, but also for an expansion of staff at the Dehra Dun Research Institute. We have in the forests of India an enormous industrial and commercial asset and we have now a scheme,—in fact it has already been introduced,—for developing our Research Institute at Dehra Dun so as to make it a first class research and experimental station. Apart from scientific officers who will deal more especially with pure forestry, such as officers in sylviculture and botany, we have also employed, or propose to employ, experts in forest chemistry, tanning materials, minor forest produce, paper pulp and cellulose, wood seasoning and wood technology. These officers, most of whom were provided for in last year's Budget and are also provided for in this year's Budget, will be assisted by officers of the provincial and subordinate services, and the provision for such assistants is comprised in the figure now under discussion and includes the pay of two assistant botanists, one assistant sylviculturist and two assistant chemists. They, in all, will cost Rs. 36,000, the existing staff in the Andamans will cost Rs. 26,000, in Baluchistan 4,400, in Ajmere Rs. 5,300 and in Coorg Rs. 13,420. Now, the total of this comes to only Rs. 85,000 and the figure put down in the Budget is Rs. 1,57,000. There is, therefore, room, it would seem, for a reduction of Rs. 72,000. But, now, I have to draw attention to the very large provision made for probable savings on the whole of the establishments Budget. At the time when the Budget was framed, we were not in a position to know exactly what staff would be required at Dehra Dun and to inform the Finance Department, and they, therefore, while making full provision for officers of the classes now under discussion made an enormous allowance for probable savings on the whole Budget. We are helpless in this matter. I understand that the Accountant General, on his previous experience and his future anticipations, cuts out a lump figure. You will see that in last year's Budget only Rs. 90,000 was deducted on that account, while this year the deduction is Rs. 2,84,000; and although I am not able to give the House details of the savings which the Accountant General anticipates, I am confident that a very considerable amount of these has been estimated for under the provision that we have made for the establishment at Dehra Dun. I, therefore, although I am not able to justify this figure as it stands, am unable to accept the proposal brought forward.

Mr. R. A. Spence: Sir, I too should like to oppose this Resolution for cutting down the sum of money provided for these extra assistant conservators. It is very often stated that Departments of Government are not run on businesslike lines or for the benefit of India from

a commercial point of view. From what I know of the Forests of India and the work they are doing, I can say that this work specially is going to be of very great value to India from the commercial and business point of view. And just as the Forests are waking up and are going to be of such great use and benefit to the country. I think it would be very bad policy indeed to reduce the money that is being spent on the Forests.

Rao Bahadur T. Rangachariar: I should have understood the position better if the Honourable Member in charge, or the Honourable Mr. Spence, had thrown some light upon the productive nature of the expenditure which is going to be incurred. As it is, the particular item under consideration relates to particular officers, the provision for whom has been raised from Rs. 51,000 to Rs. 1,57,000. The Honourable Member who spoke for the Government spoke wide of the mark altogether. He went on justifying the expenditure at Dehra Dun and various other places. We have nothing to do with Dehra Dun in connection with this motion. This relates to a particular item, and why there should be this sudden increase from Rs. 51,000 to Rs. 1,57,000 is a matter which cannot be allowed to remain unchallenged. The Government have not justified it, and the Honourable Member admitted he was not able to justify it. Unless they are able to justify it, we should not allow it to stand.

The Honourable Mr. B. N. Sarma: Sir, we approached the Finance Department with a much larger figure under the head of Forests, because we hoped to be able to improve the Forest Research Institute at Dehra Dun considerably, so as to enable us to impart the highest education possible in Forestry in India, and as a preliminary thereto and to promote research, also improve the Research Institute and various other departments of activity which are auxiliary to the main purposes. But the Finance Member ruthlessly cut down that expenditure and has made a provision only for 25 lakhs and odd.

The Honourable Member asked as to whether we have not been providing too much under the head of salaries when we ask for a provision of Rs. 5,46,000. In making provision for salaries, etc., for the Department as a whole, it is impossible for us to say exactly how much of it will be spent, because we do not know how many officers, we expect to recruit, will be recruited, either in England or here. That is one of the difficulties under which we are labouring. We hope to increase our establishment. There are a good many vacancies in the Forest Department, speaking generally, and both the Secretary of State and the Government of India are trying to recruit as many officers as possible owing to the shortage in personnel in every department. But we have to make provision in the meantime, and we have accordingly provided Rs. 1,57,400, with a deduction provided elsewhere. If these appointments can be made either by the Secretary of State or by the Government of India, then the greater part of the amount really provided will possibly be spent. At the same time, as I have said, under the whole head the amount has been cut down, because if our experience of last year is repeated this year we may not be able to recruit as many officers, build as many buildings and secure as much apparatus as may be necessary to start the Institute in full working order. I hope, therefore, the Council will be satisfied that under Forests, which requires considerable development, there should not be any undue economy and that every pie that can be spared should be provided for and spent. As far as the increases in the salaries of Imperial officers are concerned, that is a non-voteable subject. I do not think any economy which can be effected in this respect in the other services and branches will go far to meet the wishes of those Honourable Members who think the present salaries are already too large. There have been complaints from the officers concerned that the Secretary of State has not gone sufficiently far in that direction. But that is a side-issue. I hope this explanation will show that we have not asked for one pie too much, and that the grant will be sanctioned.

Sir P. S. Sivaswamy Aiyer: Sir, there is one point upon which I should like to have some further explanation from the Honourable the Revenue Minister. He has told us that when his Department put forward demands for money, he opened his mouth very wide. I am quite prepared to believe it, but what I do not understand, is this. There are at present 10 extra assistant conservators on the establishment during the current year 1920-21. It is proposed to increase the number to 15 in the next year. Therefore the addition of five extra assistant conservators in the next year has to be made. The salaries are said to range from Rs. 200 to Rs. 1,000. Generally, when you add more officers to an existing cadre, you start those officers at the lowest rung of the ladder and not at the topmost rung. Now, supposing you start these five extra assistant conservators at the lowest rung of Rs. 200 per mensem, it would come to Rs. 24,000 per annum extra, whereas we find that the Honourable Member has succeeded in getting a Budget provision of Rs. 1,06,000 more, which does not seem to be adequately justified by the explanation he has given. Let us suppose, on the other hand, that these five extra assistant conservators are to be started at the topmost grade of Rs. 1,000 a month. That would come to Rs. 12,000 a year for each man, and for five men Rs. 60,000. Even then the proposed addition of Rs. 36,000 has not been properly explained. I submit, that the proper way of making additions to your cadre is by beginning at the lower end and not the higher. Otherwise after a few years the men will complain that they have not had any increment for a long time.

I should like to have a word of explanation on this matter from the Honourable the Revenue Member.

Mr. B. Venkatapatiraju: Sir, we may be sympathetic towards the explanation given by the Honourable Member for Revenue and Agriculture, but I do not think we can forego our

claim to decrease this amount. We are of course anxious that we should have our staff in tip-top condition; we do not complain of that, and there is provision for so many professors in the college and for experts, botanists, etc., costing Rs. 82,580. We are not at all for deducting that amount in any way; but in a case where, as the Revenue Secretary himself admits, it is not a justifiable figure, we are helping the department if we cut down this figure; because if they find it absolutely necessary they would prepare their budget correctly, so that they will be in a position to justify their demand before they ask for our vote. In this case they themselves provided for a probable saving of Rs. 2,84,000; probably it may be saved or it may not be saved; if any additional amount is wanted, perhaps they may not be able to save it at all. Even if the explanation of the Honourable Member that we must all encourage additional expenditure on forests be accepted, I do not know whether that has anything to do with the proper preparation of the Budget with reference to the demands. Therefore, on principle alone, we must all unanimously try our best to reduce this amount, so that we might have a better Budget next time.

Mr. J. Hullah: Sir, I only wish to repeat that we cannot consent to reduce this provision unless the provision for probable savings is also reduced by a corresponding amount. Therefore, I am unable to accept the Resolution.

The Honourable the President: The question is that the motion* for reduction be accepted.

The motion was adopted.

REDUCTION BY 3 LAKHS IN FORESTS.

Rao Bahadur T. Rangachariar: Sir, in moving

'That the Demand under head Forests (No. 8) be reduced by 3 lakhs,'

my object is to draw attention to the fact that the Budget estimate does not indicate that any really important step is going to be taken to make these Forests a productive concern. I notice a large increase made in this department for revision of the pay of the offices; and a lump provision has been made for superior officers on page 53; at the bottom of the same page, there is again a lump provision for revision of establishment in Port Blair; and on page 54 lump provisions have been made for the re-organisation of the establishment of the Forest College, for the establishment of the Tanning Expert and for revision in Coorg; there are other items like 'Sundries' etc. These are the items which go to make up the increased cost. It will be noticed on page 52, that the total expenditure in 1919-20 was Rs. 14¼ lakhs, and it is now proposed to increase it to 20 lakhs. I may say at once that I should not grudge this, and I should be the foremost in approving of expenditure on forests, because it is one of the items which we have to develop, and perhaps develop at a very fast rate, so that the forest industries and the by-products from forest industries may be rapidly developed. But unfortunately I find no provision made for any machinery being brought down, nor for any experts who will develop the particular processes by which forest products may be utilised for industrial purposes; I do not find any trace of that; the whole increase is due to establishment and establishment alone, and I should like the Honourable Member for Agriculture to explain this, as this is my doubt on this point. If he can assure me that he is going to develop the forests so as to make them productive, so as to make the department instructive, so as to make Indians take a larger share in learning these forest industries, I shall not press my motion.

Dr. Nand Lal: Mr. President and Members of this Honourable Assembly, if you will kindly take the trouble of comparing these figures which are given at page 51, I think you will have to admit that the motion which is before this Honourable Assembly is sure to meet success. You will kindly see that the total expenditure is given as Rs. 29,62,000—both voted and non-voted—and the voted amount, for which this Demand is made is Rs. 25,70,000. When we go into all these details relating to all these expenses we do not find any explanation; as, for instance, if you will take the trouble of comparing some of the items printed on page 54, *e.g.*, the lump sum provision for the establishment of the Forest College Rs. 25,000, lump provision for the establishment of the Tanning Expert Rs. 7,000, lump provision for revision in Coorg Rs. 23,200. There are other items also which are printed here, to which no sufficient explanation has been assigned. Therefore, in the absence of any explanation I feel constrained to support this motion. If the Honourable Official Member has got any explanation and that explanation is convincing, we may gladly share the view which is held by Government. In the absence of that reason or explanation, I am sorry, I shall have to request this Assembly to vote in favour of the motion which speaks for itself.

The Honourable Mr. B. N. Sarma: Sir, the expenditure under Forests may be taken under several heads; firstly, the salaries which are paid to the Imperial Services, which are not a subject-matter of the vote; then the salaries of provincial officers and subordinate officers which have been revised to some extent, and which in some places still require revision. In the areas directly under the Government of India, *viz.*, the North-West Frontier Province, Burma, Andamans and so on, a certain amount of direct expenditure is incurred for the extraction of timber, of course both, under the revenue and expenditure heads and there is a fourth

* *Vide* page 185 of these Debates.

item which would interest the House very much, and that is the item primarily concerning research and higher education.

With regard to the Imperial Services, I have already stated the position in which the House stands.

With regard to the Provincial Services, I do not think Honourable Members will consider that the salaries as revised are so high as to require retrenchment when I mention that universal dissatisfaction has been expressed by the provincial service, and that except in one or two respects their position now is nearly the same as it was before the revision. I am not saying for a moment that those officers are not being paid as well as they ought to be, but I am only indicating to the Assembly that these revisions have not entailed any very considerable expenditure and have not roused any great enthusiasm.

Then, with regard to the revision of the menial establishment and so on, the expenditure does require a considerable enhancement, and I need not state the reasons. There are two items of large expenditure in which the Government of India are greatly interested and on which they hope to be able to spend more money, but unfortunately have not been able to do so, and these two items relate to the expenditure on the Andamans and on the Forest College and Research Institute. With regard to the Forest Research Institute, it was hoped that we should be able during the next year to start building operations for its proper housing. The question of the location of the Imperial Forest College has not yet been finally decided. This Assembly will have an opportunity of expressing its opinion as to where we are to have the highest type of educational centre located, whether in India or in England, but we felt that it was absolutely necessary that we should make some provision to meet the contingency of education in forestry being imparted in India, and research being pushed forward, and consequently the lump provision of Rs. 25,000 has been put in there for the re-organisation of the establishment of the Forest College. It will serve the purpose of the present Forest College, but we hope that, if further funds are forthcoming, they might be utilised as a nucleus for the purpose of starting the other institution also. I do not think Honourable Members will quarrel with that disposition of the tax-payers' money.

With regard to the Forest Research Institute itself, we hope to make Research so effective and efficient as to increase the material wealth of the country in the near future, and for that purpose we have imported experts, and the lump provision includes the establishment of a tanning expert.

With regard to the Andamans, I may mention, there seems to be a good deal of misapprehension. It was pointed out to us by competent officers that if we could only obtain Rs. 10 lakhs next year and make a beginning, our resources could be so augmented as to yield a very handsome profit to the extent of 40 to 50 per cent. in the near future, and yet owing to financial exigencies we have not been able to do it. Honourable Members, therefore, will perceive that I am not indulging in mere vague generalities when I say that it is only a minimum grant that has been given to us under the head of 'Forests'.

The Honourable Member from the Punjab asked me as to what was meant by the lump provision for the revision of the establishment in Coorg. The various proposals submitted cannot be sanctioned finally unless they are thoroughly scrutinised, but if no provision be made in the budget, it will be impossible to meet even very urgent requirements, and so a modest sum of Rs. 23,200 has been put in under that head. I may say in passing, that Coorg is not a *minus* province and is not a burden on India, and consequently Honourable Members may feel certain that the general tax-payer is not being mulcted for the benefit of the people of Coorg. Every item of expenditure under this head will be carefully scrutinised, and I trust that Mr. Rangachariar and those who think with him will allow that item, reduced as it is already, to remain as it stands.

Rai Bahadur Pandit J. L. Bhargava: Sir, may I ask Mr. Rangachariar if the amount proposed by him includes the amount of 1 lakh already voted for or if it is over and above that ?

Rao Bahadur T. Rangachariar: I am thankful for the information just given by the Honourable the Revenue Member, and in view of the department being an infant department and that it is in charge of a Member who is enthusiastic about it, I do not wish to press my motion, and I beg leave to withdraw it.

The Honourable the President: The question is, that leave be given to withdraw the motion.*

The motion was, by leave of the Assemby, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 24,70,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Forests.'

The motion was adopted.

* *Vide* page 188 of these Debates.

The Honourable Mr. S. P. O'Donnell : Sir, I beg to move :

'That a sum not exceeding Rs. 25,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Registration'.

Registration.

The motion was adopted.

Colonel W. D. Waghorn : Sir, I beg to move :

'That a sum not exceeding Rs. 61,68,61,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Railways'.

Railways.

WORKING EXPENSES.

Mr. B. Venkatapatiraju : Sir, I move :

'That the provision of Rs. 58,21,72,000 for working expenses of Railways on page 56 be reduced by 5 crores'.

Sir, when we are dealing with a matter in which I want a reduction of some crores, perhaps you will find as much difficulty in understanding it as for me in presenting it. My position is this. Before the constitution of the Railway Board our working expenses before the year 1905 were about 50 per cent. or perhaps less or, say, 47 per cent. for several years, for about 15 years. But since 1905 up to the present year, the expenses were increasing year by year. I cannot lay out my finger on any particular item and say whether this should be reduced or that should be reduced. My point is that this is purely a commercial question. This is not an administrative matter to decide whether we should not rule over a counter or not. When we are dealing purely with a commercial matter, we must approach the subject in a business-like spirit, and decide whether it is possible or not for the Government to reduce this high percentage of working expenses. I put it only on the ground of high percentage of working expenses I have got the figures of England only up to 1897 as they were not managed by Government. They were 57 per cent. of the gross earnings. Some railways only spend 51 per cent. But since our railways are managed by the Railway Board, we find that the working expenses come to about 67 per cent. Now I hope Government will be good enough to explain whether, though provision will have to be made for increase of wages, increase in the cost of fuel and coal and also for renewing the wagon service, whether it is necessary to continue this process of administering railways at such high cost.

We have heard from the Honourable the Finance Minister that our nett savings under this head are growing less year after year. Is it then necessary, when our nett income is growing less and less, that our working expenses should mount up higher and higher? Is there no mode, is there no method of reducing this extra unnecessary expenditure from the point of view of the general tax-payer?

I know some time back some inquiry was made with reference to working expenses. When the late Mr. Gokhale moved more than once in this Hall that reduction should be made with reference to working expenses, the authorities in England put pressure on the companies who are running these railways to reduce working expenses. Then, I suppose, Lord Inchcape came here to inquire into the matter. I do not know what recommendations were made or if there was any actual result in reducing expenses to a reasonable limit. I may state that in other places such as Canada and South Africa the proportion of working expenses is higher, for the simple reason that they are not able to secure labour at such cheap rates as we do in India. We are not asking Government to perform wonders. Our own Government was able to achieve something during the last 20 or 30 years; why should they not continue to adopt the same procedure instead of increasing this burden? The late Mr. Gokhale suggested that more than 50 per cent. is on any grounds not justifiable with reference to these commercial matters, and now we are nearly approaching 67 per cent. May I not ask the Government to reduce working expenses to some reasonable figure, say even 57 per cent. as it was in 1919-20? I cannot ask you to take any particular figure and to reduce it. I only ask you to compel the Government, if they are not so inclined, to reduce these expenses to reasonable limits. With that object in view, Sir, I make this motion for the reduction of 5 crores.

Colonel W. D. Waghorn : Sir, I think before we proceed further with this discussion, it would be as well if I explained precisely what working expenses involve. Increase of wages, increase in cost of materials, these items form the principal causes of this increase of working expenses. In the particular case in question, the Honourable Member is comparing, I presume, the estimated provision voted for 1921-22 with the budget estimate for 1920-21.

I may at once explain how these particular increases have, in this instance, arisen; they are rather special and peculiar. If Honourable Members will turn to page 2 of Appendix B and pass their fingers down column 4, they will find that the revised estimate provision for the current year is Rs. 54,12,85,000 as compared with Rs. 58,21,72,000 estimated for next year. Now, if we examine the items under which the proposed increases have been put forward, it will be seen that they come almost entirely under 'Fuel (Abstract B)' which has been increased from Rs. 5,93,82,000 to Rs. 6,54,00,000 and 'Programme Revenue expenditure' which has been increased from Rs. 5,86,22,000 to Rs. 9,25,00,000. That is to say, in the case of fuel it is increased by about Rs. 60 lakhs and in the case of Programme Revenue

expenditure it is increased by about Rs. 3,40,00,000. These two items alone, therefore, account for the increase of 4 lakhs over the revised budget estimate of 1920-21. These are the latest figures we have. Any explanation that I can give will be furnished with a view to showing that there is no provision for normal increase over the revised budget estimates for 1920-21. The extra provision for fuel will, I fear, prove insufficient, as it is intended to allow for the extra mileage which it is hoped we shall work and the extra cost of fuel thereby required.

In addition to this, we have a great deal of lee-way to make up in the matter of programme of renewals, renewals to locomotives, renewals to rolling stock, renewals to permanent-way, which have been left undone during the war. We had hoped to make headway with these items this year and it was proposed to spend Rs. 8 crores on revenue renewals. We have, unfortunately, not been able to work up to that figure. Had we worked up to that figure, the difference would have been less. The additional provision now required is simply to make good the deficiencies during the years of the war and I feel quite sure that no Members of this Assembly will wish us to stand fast and let thing remain in the state in which they were when the war ceased. We are trying to make good the losses that have occurred, and it would be a dereliction of our duty were we to attempt to do otherwise. I do not think there is anything more. These are the causes of the increase which I think my Honourable friend, the Mover of the motion, is objecting to. He has moved for a reduction of Rs. 5 crores, which would mean our working at Rs. 1 crore less than the actual working expenses this year. This calls for no comment.

Mr. A. B. Latthe: Sir, the Honourable Mover of this motion said he could not suggest under what exactly a retrenchment of Rs. 5 crores could be made; but, from the explanation which the Honourable Member in charge of the Railway Department has given, it seems to be quite clear that the great increase in expenditure in the coming year is under the head of what is called programme revenue expenditure, and that is explained, as Honourable Members will remember, in this Memorandum which has been supplied to the House. From paragraph 44 of that Memorandum it appears that this increase in expenditure is made for the purpose of renewals of permanent-way, renewals and heavy repairs to locomotives, rolling stock, etc. So, at any rate, it is quite clear that we are not now dealing with any question of enhanced pay. Most of the time we have been discussing the Budget, we have found that the increases are due to enhanced salaries, and it is very difficult for the House to suggest any retrenchment in matters like that.

The proposal before us is that the Railway Board wants to spend during the coming year about 8 crores on the renewal of the permanent-ways, etc. And the question which you have to consider is whether it is necessary that so much expenditure should be sanctioned by this House. If you look at the expenditure which has been incurred in the current year, you will find that the Railway Board have been able to spend only about 5 crores. Now the budgetted amount for the current year was 8 crores and 76 lakhs, that is to say, that 8 crores and 76 lakhs were sanctioned for this purpose, but the Railway Board spent only 5 crores 86 lakhs. If a reduction under this head is made, I would suggest that it is just possible for the Department to work in the way they have been working during the year that is about to close.

If they can go on with the renewals in the way they have been going on during the past year, I do not see why there should not be a reduction of at least 3 crores by the Department, under this head.

It will be argued that the work of renewing the permanent-way and doing other kinds of repairs, was not properly taken in hand during the war and that it is therefore necessary that more money should be spent this year. Now, before giving your consideration to this argument, I would ask the House to consider a few facts regarding the administration of the railways, which will perhaps enable the House to arrive at a right judgment.

Honourable Members will remember that in the estimates for this year, a net profit of about 4 crores is estimated by the Honourable the Revenue Member. They will also remember that this profit of 4 crores is due to the increase of 5½ crores on account of the new surcharge tax which is going to be levied under the proposals of the Revenue Member. So if you put aside the additional charge we are going to recover during the coming year, under the scale of expenditure which the Railway Board wants us to sanction, there will be a net loss of 1½ crores. The estimated profit on 4 crores is due simply to the fact that we have an additional surcharge of 5½ crores according to the Honourable Mr. Hailey's proposals.

The Honourable Mr. W. M. Hailey: Sir, may I rise to a point of order? The Honourable Member has made a reference to a statement made by me. The figures he is now giving are not correct, because the figures of profit from railways I gave in my opening speech on Budget day did not include the estimated receipts from surcharge tax.

Mr. A. B. Latthe: Do I understand that the amount of 87 crores shown in the Budget does not include recoveries which are likely to be made by the surcharge?

The Honourable Mr. W. M. Hailey: No.

Mr. A. B. Latthe: After the explanation which has been given by the Honourable the Finance Member, it is of course necessary for me to withdraw the remark which I made just now regarding the profit. But all the same you will find that the profit expected this

year is ·76 per cent. That is the profit we expect to get from the Railway Department. It is even less than 1 per cent.

This profit in 1920 was 2·77 per cent. and since then you find that we have been getting less and less profit. In 1920-21 we obtained ·97 per cent. profit and according to the estimates for the coming year we are only going to get ·76 per cent. Perhaps the Members of this House will remember that one Honourable Member—I think it was Sir Frank Carter—said the other day that we should not look upon the railways as a source of revenue to the State, and it is just likely that the same consideration may be put forward on this occasion also. It might be argued that we should leave the railways to themselves, so that any profits coming from the railways could be devoted to the development of that Department. I think that argument is likely to come before us. I submit, we need not attach much importance to that argument. I would request the House to remember that for years past the revenues of India have suffered very heavy loss on account of railways. For over 50 years the railways did not pay their way and the revenues of this country had to bear a net loss, and now that we have been getting a little profit out of the railways, I consider it is very unfair to suggest that we should not accept any profits for the State which has borne such a heavy loss for many years. Then, I am sure, that my Honourable friend, the Member in Charge of the Railways, will urge in his arguments that the repairs and renewals are very necessary. In reply to that, I would submit, that we can go on for another year in the same way as we have done during the present year. I do not think that there would be heavy loss if this large outlay was cut down. I would ask the House to remember the peculiar circumstances of this year, the difficulties we are facing with regard to the great financial deficit which we have; and in view of the fact that this deficit is heavier than any before borne by the Finance Department of the Government of India, and also in view of several other circumstances of the nature of which I need not remind the House, I think that we may in all justice to ourselves expect the Railway Board not to increase the pace of renewals, that they should be satisfied with something like 5 crores and that they should at least consent to a reduction of 3 crores under this head. That would enable us to meet the requirements of the Tariff Bill which I think will shortly come before us. Unless we make a reduction under this head, I do not see that there is any possibility of the House being able to effect any improvements in the taxation proposals which will shortly come before us, and as I do not think this proposal to reduce the amount by 3 or 4 crores will result in any great damage, I support the motion before the House.

Now, Sir, it is just likely that next year we shall have better finance and we shall be able to sanction a larger amount. I do not deny that the Railway Department will try to make the best use of even 8 crores this year, nor do I deny that these renewals might be necessary. I do not deny any of these facts, but I submit, that in view of the peculiar circumstances of this year and our financial difficulties, it would be a very wise thing for this House to tell the Railway Board not to increase the pace of their improvements and to consent to a reduction of 3 crores—3 or 4 crores,—on these heads.

The Honourable Sir George Barnes: May I, Sir, bring the House back to the motion. It is, that the Demand under head Railway—Working Expenses—No. 10, be reduced by 5 crores. The whole of this question lies in a nutshell. The Working Expenses are shown on page 2 of Appendix B under three heads—Ordinary Working Expenses, Fuel and Programme Revenue Expenditure. The Ordinary Working Expenses are practically the same as last year. Of the other two heads, Fuel and Programme Revenue Expenditure, Fuel was Rs. 5,93,00,000 last year; it has now increased in the estimate to Rs. 6,54,00,000. I think that there are a great many commercial Members in this House who know as well as we do that the price of coal has increased. That increase of 61 lakhs is due to the increase in the price of coal. Then the remaining item, Programme Revenue Expenditure, was Rs. 5,86,00,000 last year; this year it is Rs. 9,25,00,000, that is to say, an increase of Rs. 3,39,00,000.

Well, the plain fact is that during the war we got a much larger revenue from our railways than we ought to have had because we were unable, owing to the scarcity of material, to make good the wear and tear on our railways. Now, I cannot imagine any expenditure which is more worth doing at the present time than putting our railways into proper order.

These two items, Sir, make up the largest part of the 5 crores by which the Honourable Member seeks to reduce the estimate, and the Programme Revenue Expenditure, I may say, is entirely to be devoted to putting our railways into better order than they are now. The two items account for 61 lakhs *plus* 339 lakhs, and curiously enough it comes to exactly 4 crores out of the 5, by which the Honourable Member seeks to reduce this Demand.

If there is to be another crore of reduction, it must come from somewhere. It must come either out of money which we should otherwise devote to putting our lines in order or it must come out of the wages paid to the men. Well, I think that everybody knows here as well as we do that wages have increased and have rightly increased in India. We have endeavoured to act, as good employers, to pay our men a proper wage but no more. There is no way that I can see by which we can reduce our estimated expenditure and do our duty by the railways.

Mr. A. D. Pickford: Sir, I should like to support every word which the Honourable Sir George Barnes has said. And, first, may I say a word with regard to what Mr. Latthe

said in the absence of my friend, Sir Frank Carter. When Sir Frank Carter pleaded that the surpluses should not go into the general revenues of the country, I don't think that he meant that the profits were to be divided amongst the shareholders of the different railways or any thing of that sort.

Mr. A. B. Latthe: I never said that.

The Honourable the President: Order, order. The Honourable Member should not interrupt.

Mr. A. D. Pickford: I think his meaning was perfectly clear. He knew, as everyone of us who is engaged in commerce knows by the most bitter experience, that the railways are in a most parlous condition,—not merely for what may be regarded as the selfish ends of commerce but that they are not even safe for passenger traffic. And I feel sure—the newspapers have been full of it at various times—I feel sure that Members of the Assembly must have read accounts of the greatly increased number of accidents on Indian railways with great disturbance of mind, and I should imagine that the representatives of the Railway Board will support my suggestion that this is due very largely to the condition in which the rolling stock now is. So far from reducing this grant, I feel perfectly certain in my own mind—and I am sure that those engaged in commerce and industry will support me—that if by any chance double this sum could be found any where, India, in every possible branch of life, would benefit enormously within a period of not more than 5 or 6 years. Our railways in India are our very life-blood. There is not a single aspect of life, whether commercial, social, economic or any other, which is not immediately and intimately affected by facilities in communication, of which the most important must surely be our railway system. And I do not earnestly plead with those Members of this Assembly who are not in intimate relation with the working of railways either from the point of view of running them or of using them—I do plead most earnestly with them to consider very carefully before they embark on a policy of retrenchment which will undoubtedly injure the country in a very large number of important ways.

Mr. E. L. Price: Sir, Mr. Latthe has supported the proposal for this reduction with a suggestion that it would be all right if the Railway Board would carry on as last year. I am sure, my colleagues from Sind will hear that suggestion with horror. Sind is only a small part of the country, but we had one light railway, the Jacobabad-Kushmore Railway, *bund*, closed off the whole of last year for want of rolling stock. We also had the Hyderabad-Badin line closed for want of rails. If this is the Railway Board's idea of carrying on as far as Sind goes, well, it is not ours, Sir, because there was no carrying on at all in this particular direction for want of rolling stock and rails. And further it has been a constant subject of outcry in both the Sind and the Punjab that the North-Western Railway, sometimes for want of coal, sometimes for want of trucks, sometimes for want of locomotives, cannot cope with the traffic to and fro between the Punjab and Sind. It would be a disaster, Sir, for the Punjab and Sind, if the North-Western Railway and its auxiliaries carry on this year as they did last year.

Mr. Harchandrai Vishindas: Sir, I endorse each and every word that has fallen from Mr. Pickford and Mr. Price. I myself have been awaiting an opportunity and have been jumping up once or twice to make the same kind of appeal as Mr. Pickford has made. I will appeal to this Assembly to consider that by carrying this motion for reduction, they will be doing great harm to the country. I myself have been bursting with the subject. I wish there were more funds available so that we could have the Karachi-Delhi Railway for which we have been clamouring for years and years. As Mr. Pickford has said, by reducing the grant to the Railway Board you will be reducing the wealth of the country, you will be reducing the comforts of your countrymen and you will be injuring each and every department of life. Of course, looking to the difficulties of the Finance Department, I did not like to move for this demand being increased. It was my great desire to do so. I will simply repeat what Mr. Price has said, that we Sindhis, especially the poor people, feel the need of the Hyderabad-Badin Railway and the Jacobabad-Kushmore Railway very keenly. It is not merely the rich people that will be benefited by these railways. We, merchants, find our goods held up for days and days together for want of rolling stock. We suffer a great deal economically. I, therefore, repeat what has been said by Mr. Pickford and Mr. Price. Every word of it is true, and I would earnestly appeal to this Assembly in the interests of the country, in the interests of the people, and in the interests of the wealth of the country, not to allow this reduction.

Mr. Wali Mohamed Hussanally: Sir, I have only a few words to say in support of what Mr. Price and my friend, Mr. Vishindas, have said. But I would like to remark that the stopping of the Jacobobad-Kushmore Railway and the Hyderabad-Badin Railway is not due to any lack of funds. The rails of the Hyderabad-Badin Railway were removed to Mesopotamia sometime ago, and as far as I have been able to ascertain, Government have not been able to procure new rails from England to replace those rails. That is the reason why the Hyderabad-Badin Railway has not been put into order once more. So far as the Jacobabad-Kushmore Railway is concerned, that is also due to a similar reason, *viz.*, Government have not been able to get locomotives in place of those removed to Mesopotamia or somewhere else. Therefore, there is no question of money. The question is one of Government not being able to get the

materials from England. It has been pointed out just now that there was sufficient money available for the current year, but the Railway Board were not able to spend all the money for the simple reason that they have not been able to get out the materials from England which they are very badly in need of. Nobody denies here that the rolling stock and the railway lines all over India are in a very bad way, and they require replacement and that too immediately. Nobody denies that the railways are a comfort to the people of India in every way. But the point that was made out by my Honourable friend is, that any larger allotments made by this Assembly will probably not be spent during the year, and, therefore, the allotment should be cut down. If the Railway Board can assure us that they can spend all the money this year, I would certainly support the allotment being made.

Mr. S. C. Shahani: Sir, I appreciate very much the remarks that have fallen from my Honourable friends, Messrs. Pickford, Price and Vishindas. But, at the same time, I must point out that the point under consideration is the abnormal increase in the working expenses of the railways. If the working expenses go on increasing, less funds will be available for the improvement of railways and railway facilities. On this account I feel disposed once again to support what Mr. Raju has said. Although I am not in favour of a reduction, I am in favour of the working expenses being more rigidly supervised. I quite realise the necessity of more funds for the requisite improvements to be effected in the railways.

Rao Bahadur T. Rangachariar: Sir, I rather think that my friend, Mr. Venkatapatiraju, has misplaced his hand in thinking of this side of the reduction. I understand, this increase for this year is intended for improving the rolling stock and for improving the railway lines, and in that view, I think we ought to support these items. There is only one further remark which I wish to make. It was stated by a previous speaker, that there was difficulty in buying the materials in England. I saw it somewhere stated that scrapped up materials were available in France after the war and also in America. I do not see why this difficulty in getting materials from England should stand in the way of improvement of our railways. I do not know if the Railway Board are going in for buying materials from these places. If so, we can accelerate the speed at which both new construction and improvement of existing railways may be effected.

Mr. B. S. Kamat: Sir, I believe the question under discussion is to be looked at from two points of view, and I trust both my European friends in this Assembly as well as my Indian friends will devote a balanced attention to the question. It is perfectly true that we want better rolling stock and better permanent way. On the other hand, the railway is a commercial concern. It must be our duty to see that the working expenses are cut down as low as possible. Sir George Barnes, while explaining the position of Government on this point, made out one or two points particularly. He showed us by means of figures, that the excess of 4 crores was distributed thus, namely, 61 lakhs for increase in fuel, and 3 crores and 39 lakhs for increase in the programme of revenue. But I wish to point out to this Assembly, Sir, that the total increase proposed in the present year is 13½ crores; that is to say, an increase from Rs. 45 crores and odd in the last year to 58 crores and 50 lakhs in the current year. That is to say, he has to explain an increase of 13½ crores and not an increase of only 4 crores which he has done. Now, the fact of the matter is that under ordinary working expenses, that is to say, pay and other matters, the figures will show that the increase is going up from 38 crores to something like 45 crores—an increase of 7 crores chiefly I expect, for pay. For this statement of mine I have support in the speech made by the Honourable the Finance Minister on the 1st March in this Assembly. In paragraph 15 of his opening speech, while explaining the question of railways, he has said thus:

> 'It is the working expenses of railways, which have been increasing month by month, that have been mainly responsible for falsifying our estimate of net receipts; the bulk of his increase is due to increases of pay given to the railway staffs.'

It will thus be seen . . .

The Honourable Mr. W. M. Hailey: I regret that I must rise to a point of order, Sir. Here the Honourable Member is referring to a statement made by me. That statement of mine, Sir, referred to the increase from the revised Budget estimate for 1920-21 and not from the actuals of 1919-20. Therefore the increase I was referring to was the increase of four crores and not the increase of 13 crores.

Mr. B. S. Kamat: The point I am making is, that the increase of 13 crores is not entirely due to fuel and revenue programme but is also due to increase of pay. Now, I certainly admit that if prices are going up in the country, the pay of the staff must also be increased. But it is all a question of degree, and the point is, are we spending the increase on the permanent way and rolling stock as also on pay, proportionately? If we succumb to the clamour for more pay on the part of the staff, and spend an increasing sum on the pay and less on the rolling stock and the permanent way, then, I believe, we are not distributing our increase in working expenses properly.

I do admit, that there ought to be an increase in working expenses in the coming year, but surely, we must see that the staff is not clamouring for an inordinate amount of pay. I shall illustrate this point by taking one particular example, namely, the increase shown on the question of staff of the Great Indian Peninsula Railway, and, as I have some experience of that Railway, I would rather touch upon this point by way of illustration. If we take the figures

for charges for General Superintendence, we shall find that this year we are told the increase will be from 76 lakhs to 99 lakhs (Page 66, Appendix B, Statement of Railways, Expenditure chargeable to Revenue in India). Comparing pay and rolling stock, the increase for the improvement of pay and the general improvement of the staff is from 76 lakhs to 99 lakhs; whereas the same railway wants an increase for improvement of the permanent way and the rolling stock from 259 lakhs to 300 lakhs. Looking to the importance of permanent way and the importance of rolling stock in such a big railway, as the Great Indian Peninsula, I believe that they are spending on rolling stock much less proportionately to what they propose spending for the improvement of the pay and prospects of their staff. What I contend, therefore, is, we certainly want to increase a little the working expenses of the coming year because prices have gone up; and we want an improvement in the rolling stock and the permanent way also; but, surely, we should not succumb to the clamour for increase in the pay of the staff to this extent. Knowing something of the Great Indian Peninsula Railway, I can take another illustration. Take the Engineering Department. I am sure, that if we look to the cadre of all the engineers, right from the resident engineer getting Rs. 450 a month to start with, to the Chief Engineer getting Rs. 3,000, I believe, that in the whole of that cadre there is not even 5 per cent. of the Indian element. The same applies to permanent way inspectors. A large proportion, a far overwhelming majority of the permanent way inspectors on the Great Indian Peninsula Railway consists not of the Indian element. If, therefore, on the grounds of economy consistently with efficiency, the Great Indian Peninsula Railway introduces a very large proportion, a decent ratio in their engineering staff, of Indian engineers, well-qualified from Indian colleges or from English colleges, I maintain, that they could reduce their bill for pay. Similarly, about the staff, in the Traffic Department and the staff in the Loco. Department as well. The truth is, that if we maintain a very large foreign agency unnecessarily for the railway, the question of their pay is bound to come up, and there comes up the extravagance of the whole system. If, on the other hand, out of 100 persons in the cadre, say, of the engineering branch, or the traffic branch, we have 50 per cent. Indians and 50 per cent. Europeans, 50 per cent. recruited in India and 50 per cent. in England, then, I believe, the total pay of the staff could be cut down. Then, the state of things which we find on almost all the railways,—namely, the staff being recruited to the extent of 75 per cent. and even perhaps 80 per cent.,—in the traffic department, the engineering department, the loco. department, and the stores department, chiefly from England will be improved and the cost on the staff will be reduced. It is this method of Indianization which will reduce the working expenses, and if that is done we can support the motion before us. I, therefore, throw out a suggestion that the permanent way should be improved, the rolling stock should be improved, but the total pay bill for the staff should be cut down by introducing the Indian element.

The Honourable Mr. W. M. Hailey: Are we discussing the question whether some reduction or other should be made, or a reduction of 5 crores or 4 crores should be made? It is difficult for us to argue anything except the definite motion before us.

Lieut.-Colonel H. A. J. Gidney: Mr. President, as the representative of a community which, I think, I can truly say, forms the backbone of all the railways in India, I feel that I am entitled to speak with some authority on this matter, if for nothing else. The demand for reduction of 5 crores has been put to us in such a weak way that the strength of the Government lies in the weakness of this demand. It has met, and I think very rightly, with universal condemnation, and I am glad to add my voice in support of all that has fallen from the Honourable Sir George Barnes. In no other department of the Government of India has the principle, efficiency *versus* economy, been tried as in the railway. A remark has just been made which, I feel, I must answer, and that is, regarding the Great Indian Peninsula Railway. As that is one of the railways that I know a good deal about, and I feel that I can talk with some authority on it. The racial distinction that has been made is very unfortunate and undesirable in this House where we are all working for a common good. My community forms a very large percentage of the members of the Great Indian Peninsula Railway and when I am told by the Honourable Member who has introduced this unfortunate racial distinction that there is not a sufficient number of Indians in the engineering staff of the grade of Rs. 450 to Rs. 3,000 per mensem, I may tell him, that the same thing applies to my community for there is not a single Anglo-Indian employed to-day in this grade, but I am quite satisfied that that implies that equality of treatment spells equality of fitness. This department is open to all men who go to England and qualify by undergoing a proper engineering course. I understand, that the reduction of five crores should be made either by reducing the working expenses, that is, the working expenses of the railways as a whole, applying the word 'Expenses' generically or the pay of the staff, that is to say, the railway employees. Let me assure as also warn the House that the railway employees will not tolerate any reduction of their pay, on the contrary, with the increasing prices of food stuffs they may want more. The last five years in India have shown an enormous amount of railway unrest. In fact, during the last fortnight we have witnessed an attempt at a recrudescence, and if we want to reduce the pay of all the railway employees we shall only court and invite dissatisfaction and be adding fuel to the fire of the daily increasing unrest in India which we are unfortunately witnessing all around us to-day.

Mr. B. S. Kamat: I never suggested reduction of pay.

Lieut.-Colonel H. A. J. Gidney: In other words, to put it briefly, I consider this demand as suicidal, and if the House passes it, we would be cutting our nose to spite our face. I, therefore, oppose the motion strongly.

Dr. H. S. Gour: I should not have thought that the Honourable and Gallant Colonel would in any way need any defence of his own community. If I understood the Honourable Mr. Kamat right, his point of view was that the railways in India, like all commercial concerns, should be worked on a computative basis and that the wages given to the railway employees should not differentiate between these employees on the basis of racial differences but be given solely on the ground of their efficiency. Now, is that the case? Has it been proved to the satisfaction of the Assembly that in the State railways and the State-managed railways of this country the employees are paid on a fair computative basis? The Honourable and Gallant Member has let the cat out of the bag by saying that he is watching the proceedings in defence of his own community. I ask the Railway Board whether the members of his community are not classed apart and paid higher wages for discharging the same duties for which Indians in this country are equally efficient but for which they are paid much lower wages? In other words, are not the scales for the remuneration of railway employees classed as Europeans and Anglo-Indians, and Indians, and are not the wages for doing the identical work different in the case of Europeans and Anglo-Indians, and Indians in this country? The Honourable Mr. Kamat pleaded for equality of treatment. What he said was this. If you wish to work these on economical lines, pay the employee according to his merits. Don't pay him because he happens to belong to a particular community who has claims upon the Government for protection and preferential treatment, but pay him because he does particular work for which he is qualified. If the Railway Board was to follow this principle, I have not the slightest doubt that the working expenses in this country would be reduced to a minimum.

Now, Sir, it is a well known fact that the engine drivers and guards of all mail and passenger trains are members of the European or Anglo-Indian community, but it is an equally patent fact that the bulk of the travellers are Indians and we know the kind of service which these guards render to the Indian community. Pleas after pleas have been raised. Questions after questions have been put in the local Councils that the third class passengers, who form the backbone of the Indian railway administration, are neglected. Their comfort is not looked after. They are not even given that guidance which they have a right to expect in return for the fare. Nor, Sir, I submit, that if an European or Anglo-Indian guard is paid in the neighbourhood of Rs. 300 a month, the Indian guard would probably be paid little over Rs. 100 a month and there would be a saving on each head of Rs. 200 and the same may be said of the engineering staff and the headquarters station staff, that is to say, the staff in the first class and big stations, which are meant exclusively for Europeans and Anglo-Indians, and only Indian subordinates. Now, Sir, I beg to submit considerable economy could be effected by the Railway Board on the lines indicated by Mr. Kamat, but whether the economy effected would amount to as much as 5 crores of rupees is more than I can say, but at any rate it would certainly minimise the loss which the railway company suffers on account of the cost of the administration. I do not think my friend, the Honourable and Gallant Colonel, had any quarrel on this principle. The principle is a fair field and no favour and it is upon that principle that the Honourable Mr. Kamat supported the amendment and it is upon this principle that I call upon the House to support him.

Lieut.-Colonel H. A. J. Gidney: May I rise to a point of order, Sir. I am afraid the Honourable Dr. Gour has either misunderstood me or I have misunderstood what the Honourable Mr. Kamat said. I wish to make my point quite clear and, in doing so, I want to avoid any racial distinction which we should keep out of this House. As far as my own community is concerned, I am out for equality of treatment which spells equality of fitness. Mr. Kamat laid stress on the engineering grade of Rs. 450 to Rs. 3,000. What I meant to say was, as far as I know, on the Great Indian Peninsula, there was not one Anglo-Indian in this grade. My community is, therefore, suffering from the same disability as the Indians and this distinction, I think, should not have been made. The portal to this grade is the passing of an examination in England and it is open to all Indians alike. The question is, therefore, not one of favour to my community to the detriment of Indians.

Dr. H. S. Gour: I am glad to hear this expression of opinion from the Honourable and Gallant Colonel. He is also like myself for 'fair play and no favour'.

Dr. Nand Lal: Sir, the amount which we are asked to invest in an industry should be proportionate to the yield which that industry brings in. In some cases, as in the present one, it is not a question of grain alone, but also the question of utility which should receive consideration. Here the question of usefulness forms a very essential element. So far as the railways are concerned, these two factors should be given prominence, first the gain, the monetary gain, and second the usefulness. The latter factor seems to be adequate, but the former one appears to be small and I think this has been admitted by one of the Honourable official Members as well. Though the explanation which is given, *primâ facie*, seems to be correct, I may say at once that that explanation is not very convincing. The second point which we should consider very deeply is this. If the working of the railways could be done in a satisfactory way by the introduction of more Indian element, why should it not be done? Our object is to see our railways properly worked, but if we could work them successfully and economically by the introduction of a greater Indian element, why should it not be done? There is much force in what has been suggested by Mr. Kamat. The explanation, which has been advanced on behalf of Government that the railways want rolling stock and other things to make improvements, no doubt seems a good one. But, at the same time, we are sorry to say that so much expenditure cannot really receive our approbation unless and until some more cogent reasons are given.

When we look into this list of expenses, we do not find any explanation. Of course on page 2 of the State Railways Appendix B, we find some explanation, but that explanation does not appear to be adequate at all. Therefore, my submission before the House is this, that the amount which is demanded appears to be much more than what it ought to be. Consequently I beg to support the motion which is now before this House.

Mr. B. Venkatapatiraju: My motion has created consternation in the minds of my Honourable friends who are the champions of commerce. I am as anxious as themselves for the improvement of railways, because I am not one of those who wants to kill the goose that lays the golden eggs. We are realising great profits from railways and I shall never take part in anything which will reduce the efficiency of such a useful source of revenue. I do not stand in the way of bringing out renewals or providing more wagons. That is not my point at all. All I respectfully ask is, and no explanation is offered, when we are spending several thousands of rupees upon a special Railway Board to look after the interests of railways, why the working expenses are increasing so largely from year to year and I shall request this Assembly to consider the proportionate working expenses for non-budget lines. In the non-budget lines, the proportion of expenditure is 55 per cent. because they are spending about 3 crores when they are realising 5 crores 44 lakhs. Merely because a line is a State line, are we to spend 67 per cent.? That is my objection. If it is impossible for the Government to carry on the necessary improvements with this sum, I do not stand in the way, because they have already provided elsewhere for a capital outlay of 15 crores. Do you mean to say that after spending 539 millions on railways we should stop short of spending 10 or 15 millions more, if necessary? I ask what is the explanation for this abnormal increase in working expenses. That is the sole ground on which I lay stress. It does not matter whether you reduce the amount by 5 crores, such as I propose, or by any other amount. That is not the point. I do not want to bring in the racial question because that is not my object here. Later on there will be time and occasion for me when I shall press for the Indianization of railway services.

I am not pressing this motion, but I expect the support of the Honourable Mr. Price as a business man in exerting his influence upon the Government to reduce unnecessary working expenses, in order to meet the other Budget claims. Why should our working expenses be increased to 67 per cent of the gross income? I am only concerned with that proportion; I am not concerned with other matters. Therefore, if the Government is prepared to look into the matter and find out the dire necessity for this increase or the possibility of reducing this expenditure, I shall not press my amendment; otherwise, I shall be obliged to press it.

Rai J. N. Majumdar Bahadur: Sir, I rather think that we have missed the main point at issue. I am rather sorry that a note of racial prejudice has been sounded by more than one speaker in this House. It is not a question of racial jealousy or of racial sentiment. We all know that we are here, Indians, Anglo-Indians and Europeans, and we must pull on well with each other, without being jealous of each other. But the question is, whether we shall be able to spend the money that has been budgetted for this year. Past experience shows that we cannot spend so much money all in one year. So it is not, as my Honourable friend, Mr. Pickford, has said, of our being against railways or over their improvement. This is a misconception. We all know that railways play a very great part in what is called social reforms. They shorten distances; they are very convenient to us; they enable us to come to Delhi within 48 or 36 hours. That is all right. But that is not the question. The question is, whether we can afford to pay so much money in a year of deficit. We are going to raise additional loans, we are going to levy additional taxes, and all this in this very year we are going to spend a large amount of money which, I think, at the end of the year we shall find that the Department has not been able to spend. Although I have not been making budgets of large descriptions, I have been in the habit of making smaller budgets. We find sometimes that we budget for a certain amount and cannot spend the money and, if you spend a large amount of money in a short time, you are sure to misspend it. We have to order all these things from England and I doubt whether they will be able to supply all our demands in the course of a single year, especially in times of trade depression. Therefore, I say, there is no question of racial jealousy, but the question is whether we shall be able to spend the whole amount which has been budgetted for this year. Past experience shows that we cannot spend such a large amount, and, therefore, although it may not be reduced by five or four crores, I think at least a considerable reduction is possible. Let us at least budget for an amount which we can spend this year and thereby save the people from further taxation on, say, postcards and other things which every body will, I think, feel. At the same time I do not wish to take up the time of the House unnecessarily, but I appeal to all, officials and non-officials, Indians, Europeans and Anglo-Indians, that it is not a question of spending money on railways. I know that you must spend money on railways. They are necessary for many purposes, military, social, commercial and for other purposes, but we should always consider whether we can spend the whole amount this year.

Mr. P. P. Ginwala: Sir, I find myself in rather an awkward position. I agree with much that has been said by my Honourable friend who moved the amendment and by those who have supported it, but I am compelled at the same time to vote against its acceptance. If I were satisfied that it was possible to reduce the working expenses in so far as they refer merely to the management of the higher services, I should have voted for the amendment. But it is impossible that anything can be done in the way of cutting down working expenditure in that direction. Supposing that you reduce the Budget by five crores of rupees, do you

think that there will be any reduction in the higher services? The services will remain just where they are. What would suffer would be the repairs and the rolling stock and these are the last things that ought to suffer. It would be all right if we could, as has been suggested, immediately Indianize the higher services. But we cannot do that in a year. We must deal with the railway services in the same way as we are trying to deal with the Civil Service and other services, that is to say, take a certain percentage in each year and say that that will be Indianized by that percentage. But you cannot in one year, simply by cutting down five crores of rupees, attain that result. That is the reason, Sir, why this House should throw out this amendment. It will lead—by further deterioration of the rolling stock to accidents and it will lead by curtailing facilities for internal traffic to a rise in the cost of living results which it ought to be the duty of this Assembly to avoid.

Colonel W. D. Waghorn : Sir, I should like to offer a few remarks in regard to my Honourable friend, Mr. Venkatapatiraju's suggestion. I can tell him that Government have very carefully considered for many years the possibility of keeping down the normal working expenses of railways and seeing that they shall not rise inordinately. It had, before the war, been found that they were slowly but surely rising year by year as a result of a larger number of railways coming into existence. As the age of these lines becomes greater, the renewals become heavier. That is a constantly increasing charge. The wages of the staff is also increasing, the provision of accommodation is increasing and the cost of materials is increasing. All these items go to make a constantly increasing charge in your normal working expenses. During the war, owing to shortage of materials, we could not replace and keep our revenue renewals up to what they ought to be and the consequence was our proportion under earnings increased. We did not get a chance of spending the money properly on keeping our stock in order. Now, after the war, we are trying to overtake the damage that has been caused to your property during those years of war in order to bring that property into a state of efficiency which everyone, I think, recognises, is very necessary. These we have thoroughly well looked into, and, therefore, I am afraid that any suggestion that we should do so would only lead to the same result that I am trying to explain to you. The increased expenditure which we now ask for these special revenue renewals are on account of these very items, locomotives, rolling stock and permanent-way which have run into bad repair during the years of the war. We were unable to spend that amount last year, unfortunately, because we could not get the stuff out from England owing to strikes and other causes, but I anticipate, and I sincerely hope it will be possible to get them out this year and that we shall be able to carry out this programme. These are the simple facts of the situation and I think, possibly, if my Honourable friend understands the situation now, he will be prepared to withdraw the amendment.

Mr. B. Venkatapatiraju : I withdraw the amendment.

The Honourable the President : The question is, that the amendment be withdrawn.

The amendment* was, by leave of the Assembly, withdrawn.

The Assembly then adjourned for Lunch till Ten Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Ten Minutes to Three of the Clock. The Honourable the President was in the Chair.

WORKING EXPENSES.

Mr. A. B. Latthe : I submit, Sir, that my motion may be taken first—I am not prepared to withdraw it about the reduction of working expenses by 4 crores. That has not been put yet.

The Honourable the President : The Honourable Member, I see, wishes to move his Resolution that the working expenses be reduced by 4 crores. I took it that his motion was really covered by the earlier motion to reduce working expenses by 5 crores.

Mr. A. B. Latthe : I was not prepared to withdraw my motion.

The Honourable the President : I gave the Honourable Member a full opportunity of speaking on the earlier motion.

Mr. A. B. Latthe : That is quite true, but I did not intend to withdraw the Resolution. Sir, I move :

'That the Demand under head Railway—Working Expenses—(page 56) be reduced by 4 crores.'

The Assembly has already had a discussion on this subject and I do not wish to touch on the points which have been already discussed; but I wish to point out to the House the grounds on which I base this motion. In the discussion that we had a few minutes back, the question was raised whether more economy could not be effected by Indianizing the railway service. Those Members of the House who heard what I said on the motion which

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* *Vide* page 189 of these Debates.

was being discussed then might remember that I did not claim that the reduction was justifiable on this ground, for various reasons. Of course I quite agree with the contention of Mr. Kamat and others who said that certain economies could be effected by Indianizing the service, and so far as may be possible that remedy should be applied. But in the present case the proposal which we have to discuss is not whether the railway service should be Indianized. The question is whether we are justified in claiming a reduction under the particular head of Working Expenses. As I showed last year – or rather in the year which is about to close,—8 crores were budgetted for the purpose of what is called the programme of revenue expenditure. Now out of those 8 crores, 5 crores only were spent, so that about 3 crores remained unspent during the current year. What is proposed for next year is that some thing like 9 crores should be spent under this head. I submit that it is not absolutely necessary that we should sanction the whole amount of 9 crores under this head. My reason is in the first place that efficient management would require that expenditure on account of renewals should not be undertaken on a very large scale. But supposing for a moment, for the sake of argument, that it is just possible to spend the whole amount in a proper way, I would still submit to the House to consider the circumstances under which we are discussing this Budget. I quite agree that the Railway Board will make the best use of the whole of the money. I further admit that the Railway Department does require a great deal of expenditure on account of renewals on permanent-ways and so forth. I do not dispute these points at all. But what I urge is that, during the coming year, it may be quite possible to meet the urgent necessities of the case by spending 5 crores or 4½ crores instead of the whole amount of 9 crores that has been asked for; and if the House accepts this contention, that the whole amount is not absolutely necessary—although of course it may be very usefully spent; and if the House agrees with me in holding that the urgent necessities of the case may be met by the expenditure of 4 or 5 crores—well, I think that the conclusion which should be arrived at is that this amount should be reduced.

In the course of the debates which we had, my Honourable friends, Mr. Harchandrai and Mr. Price and other gentlemen from Sind, seemed to complain that the railway administration in that province had been very much neglected and that a large expenditure was necessary. I do not at all dispute that fact. It may be quite possible that the railway administration had been neglected there very much, and that there is great need of rolling stock and so forth. I do not know anything personally, but it is just possible; and I wish to bring to the attention of the Honourable gentlemen that even after this reduction, a sum of 5 crores still remains and I would not complain and the House will not complain if the first claim upon this sum of 5 crores would be that of Sind.

I shall point out another fact to the House which is this. So far as the provision of fresh rolling stock is concerned, for which, of course, the commercial interests are very anxious, a sum of Rs. 9,67,00,000 has been provided for under the capital head for rolling stock to be purchased and to be supplied to the open lines and also a sum of Rs. 48 lakhs has been reserved for the open lines; that is to say, nearly Rs. 10 crores under capital expenditure head, with which we are not concerned at all and which I do not seek to reduce is available for this supply of fresh rolling stock. So it will be quite clear to the House that the reduction which I propose will not come in the way of supplying wagons and other things which are so necessary for our commercial development.

In conclusion, I would remind the House that if we ask the Railway Department to curtail their programme to a certain extent this year that does not mean that we look upon the needs of the railway department with disfavour in any way. What we mean is that in the present year of very large financial deficit, a deficit such as we have not experienced in the course of the history of Indian finance, I think it will not be very unwise on our part to ask the Government to reduce the expenses under this head to a certain extent, so that the most urgent necessities might be met and the less urgent necessities might be considered in the next year. With these remarks, Sir, I move the motion which stands in my name.

Colonel W. D. Waghorn: Sir, with a very few remarks I think I can dispose of most of Mr. Latthe's objections. I have already pointed out, and I think the House generally accepts it, that we are in a very bad state as regards the maintenance and up-keep of our stock. It is replacements, not new stock, that we are thinking of in the estimates now under consideration. That stock has run down into a very bad state of repair; and if we put off repairs as I understand Mr. Latthe suggests, we shall find our stock in such a state that it will not run at all. I do not know how we shall carry traffic then; the new stock will not be arriving till late in the year and we shall find things in a very serious condition. Moreover, as regards the possibility of curtailing this expenditure which is proposed for the current year for ordinary renewals, material has already been ordered during the current year and will be arriving shortly, and will therefore be available at once. To replace our stock and put it in good running repair we shall require all this money, and I do not anticipate that there will be the least difficulty in spending the money, both economically and for the good of your railways. It is of no use trying to put that off. I therefore think it would be a mistake to ask the House in any way to postpone this very urgent work.

Mr. Wali Mohamed Hussanally: May I inquire from the President of the Railway Board what is the amount and value of the materials already ordered which he expects to arrive next year?

Colonel W. D. Waghorn: I am afraid I cannot give those figures offhand.

The Honourable Sir George Barnes: Sir, I desire to appeal to the Honourable Member to withdraw this motion. We had all this question threshed out very thoroughly this morning, and I fear that what I said must have been very unintelligible, for it does not seem to have gone very far. I would like to repeat again what I said then. The greater part of the increase is not real working expenses at all ; it is money which must be spent in order to make good depreciation which ought to have been made good before, but which we were unable to make good during the war. I can only say that I regret that the amount to be spent on making good this depreciation is only 3 crores. Nobody regrets that more than I do, for I know that it is not enough. Both I and my Honourable friend, the Finance Minister, believe that it ought to be a great deal more, but unfortunately in our present circumstances we cannot find the money. I do ask that this motion be withdrawn, or rejected if the Assembly prefer ; but I appeal first to the Honourable Member to withdraw it.

The Honourable the President: The question is :

'That the Demand under head 'Railway—Working Expenses' (page 56) be reduced by 4 crores.'

The motion was negatived.

MISCELLANEOUS EXPENDITURE.

Sir P. S. Sivaswamy Aiyer: Sir, the proposition which I beg to move is this :

'That the provision under head 'Miscellaneous expenditure' (page 56) be reduced by Rs. 8,30,000.'

This is exactly the cost of the Railway Board. I trust that this Resolution will not excite the horror nor even the alarm of my mercantile friends in this House. I have no intention of laying hands upon the funds devoted to the expansion of railways or the improvement of existing railways. My object in bringing forward this motion is to voice the general feeling of dissatisfaction that has been felt with regard to the Railway Board and the general conviction of its inutility. Sir, so far as I can speak for the Presidency of Madras, we seldom remember to have seen the Railway Board do us any good turn. I will not go to the length of saying that they have never done us a good turn. I do remember that on one occasion or so they rejected a contention of the South Indian Railway Company that some proposals of a district board went in the direction of short circuiting their line ; but taking their work as a whole I am not aware that they have done anything to advance railway construction in the Madras Presidency. I am inclined to believe that the interests of railway construction would have been quite as safe without a railway board as they have been with a railway board ; nor has there been any improvement in the condition of the railways in rolling stock and so on. Of course I know that it will be pleaded that the last seven years or at any rate that the five or six years of the war were a period of great financial stringency, a period when it was impossible to obtain railway materials, and therefore that the Railway Board ought not to be held responsible for this disgraceful condition of the rolling stock of our railways. But I do not remember that the condition of our railways or of our rolling stock was very much superior even before the war. I think we always had ground to complain of the way in which our railways were provided with rolling stock, of the way in which our railways were managed, and of the way in which the grievances of passengers were attended to. Nor do I believe that they have ever attended to the grievances of the mercantile community that the rates of carriage for internal trade have not been properly devised. We have found that the railway companies have been allowed to make arrangements with the B. I. Company which have had the effect of compelling people to take their goods by a longer route to Dhanushkoti for the purpose of paying higher rates to the railway companies and for the purpose also of securing profits to the B. I. Company. I am sure that complaints of this nature with regard to rates of freight are quite common in the other Presidencies also. There is a feeling on the part of the Indian community at any rate, that the rates are so devised that they encourage external trade rather than internal trade. How far that is well founded I am not in a position to say, but one thing I can say that I have seldom found any one who has had a good word to say on behalf of the Railway Board. I believe that a more useless and obsolete body does not exist. I am not convinced that it has accelerated the construction of the railways.

Now, Sir, I have given expression to the feeling, and I would say the conviction, of the people who are affected by the management of the railways, but I would not ask you to accept my statement. I would ask you to refer to the evidence of the Railway Board itself before the Railway Committee. A few days ago I was reading the evidence in cross-examination of Mr. Tomkins, the Joint Secretary to the Railway Board. Now I will briefly tell the Assembly what he has deposed. They have no experts to deal with large questions of policy, large policied operations or large projects. In the statistical branch they arrange the figures received from the railway companies without comparison, without alteration. The whole of this branch admittedly requires recasting. Nor are they up-to-date, even in their knowledge. Their library consists of old, out-of-date publications. Nor do they disseminate knowledge; they do not circulate any technical journals to the railway officers concerned. Well, do they publish any information for the benefit of the public? They do not prepare and publish any list of rates for the carriage of goods or any comparative statements to enable the public to judge of the efficiency of the railway lines. Well, how are they treating public complaints? They simply go on in the usual bureaucratic style by referring the

matter to the railway companies themselves. What can be the result of it? We understand now why our complaints are so little cared for by the railway companies. This question of the callousness of the railway companies to the needs of the passengers, and to the needs of traffic, has often been pressed upon the Local Government, and they have felt impotent to deal with them because they have no control over the railway companies. The Local Government always used to tell the local Council that they have no control over the railway companies; that it is an Imperial question, and is a matter for the Railway Board and it is not for them and so on. I understand from my learned friend Mr. Rangachariar that the Government of Madras did not promise anything substantial, but they have promised to forward the representations to the Government of India. The Government of India in turn forwards them to the Railway Board; the Railway Board in turn forwards them to the railway companies, and what the railway Companies do with them, we know by the results. It is no wonder that under those circumstances the railway companies are absolutely callous to all complaints.

Now, Sir, under those circumstances, seeing that the public have not got a good word to say for this Railway Board, and even the Joint Secretary has made such damnatory admissions, I ask you, is there any reason for prolonging their existence? Of course, I shall be told that the whole matter is pending before the Railway Committee and that it will come up for decision when the Railway Committee sends up its report. I may admit that I have no murderous intentions towards the Railway Board, but if any words or remarks of mine will hasten their demise I for one will not shed a tear over it.

Mr. A. D. Pickford: Sir, I think that the speech which the Honourable Mover of this amendment has just made must inevitably come within the class known as destructive. I think also that there will be few people who have had dealings with the Railway Board, who will not walk with him to some extent. I suppose there are few bodies among the heavily cursed bodies in this country more cursed than the members of the Railway Board. But it is surely a question as to whether any other body standing in their position is likely to fare any better, and one very noteworthy thing about the speech of the Honourable Sir Sivaswamy Iyer is that he has made no suggestion of any sort for providing a substitute for this 'obsolete body.' If it were in order, Sir, I would almost be disposed to suggest that the standing orders shall be suspended in order to allow Sir Sivaswamy Iyer to supply that omission, and it is important because, whatever the shortcomings of the Railway Board may be, it is perfectly certain that some body of that description is needed. We must in this country, under the somewhat artificial conditions under which the railway administration is carried on, have some system by which working can be co-ordinated and controlled and the advantages possessed by plains' lines not being exploited to the destruction of a hills' line,—I allude to the old controversy as between the East Indian Railway and the Great Indian Peninsula Railw ay. I think, therefore, that it is due to this Assembly that, if it is suggested that the Railway Board should be abolished, we should have some concrete suggestion before us for somebody to take its place. It is also noteworthy, I think, in the speech of the Honourable Mover that the sins of omission with which he confronted the Railway Board were chiefly sins of omission which could only be made good, not by cutting down the estimates by Rs. 8,30,000, but by adding considerably to it in order to enable the Railway Board to provide the general public with that information which he tells us is at the moment withheld. Sir, I oppose the motion.

Colonel W. D. Waghorn: Sir, it is in a spirit of apology that I get up to reply to this motion. I have not long been a Member of the Board and I daresay I have also found fault hitherto with its numerous delinquencies.

The Board is a hard and over-worked body. We have represented to the Railway Committee that—

'The Board as constituted is certainly for existing conditions too small for the work to be done. The Members are practically tied to headquarters and have insufficient opporutnity to visit the different administrations. We would lay very great stress on this point which, in our opinion, is of the first importance if co-ordinated effort in administration is to be secured.'

The Honourable Member who moved this motion has laid stress on the state of affairs, more especially, I understand, in connection with the railway systems in Madras. I may here express Government's deep regret at again hearing a voice from Madras. Bearing in mind the state of affairs in that Presidency, the Madras and Southern Mahratta Railway and the South Indian Railway, which are the two systems concerned, have not, as far as I am aware, received other than normal treatment at the hands of the Government of India, and the Honourable Member may rest assured that every effort is being made to bring the works and stock on those lines up to date as in other parts of the country. I cannot help feeling, however, that behind this Resolution stands a somewhat parochial view of the railway administration. The Madras Presidency has, I think, for many years past hankered after a larger control of railway matters. For very good causes, both financial and administrative, I need hardly say that this is impossible. Any representations made—for which there is found to be a good cause—will, I know, always receive the careful consideration of the Government of India and of the railway companies concerned. I think, however, that the possible general backwardness of these two systems is rather more peculiar to their surroundings than to the fact that they have in any respect received a differential treatment.

The Honourable Member appears to have been somewhat confused as to what the nature of the Board's duties is. The Board's duties are to action behalf of the Government of India in all matters connected with the administration and extension of railway systems in this country. These duties involve their constant endeavour to ascertain where economically profitable new lines are likely to be required; to consider possible means for financing them under the control, of course, of my Honourable friend, the Finance Member; to ensure that the maintenance and working of our existing systems throughout the country are maintained at consistently high level; and that a uniform and steady policy of advancement is maintained. On these broad lines alone, I think, the Honourable Members of this Assembly will gather that the Board are fully occupied in carrying out their duties as efficiently as possible. In fact, as I have already stated, owing to pressure of work and shortage of Members, we have not during the last year been able to undertake as much inspection as we consider advisable.

I hardly think that the Honourable Member wishes me to justify in detail the remarks as regards the interior organisation of the Board's office, but that is as pointed out by my friend Mr. Pickford, a matter for further funds. If they grant us additional funds we shall no doubt be able to improve matters. As things stand at present, we are handicapped all round by matters financial.

I am inclined to think, myself, that my Honourable friend, Sir Sivaswamy Aiyer, has not intended this Resolution very seriously, and I trust that this Assembly will treat it accordingly.

I mention again, as every one knows, that the question of the efficient method of administration of railways in India is at present the subject of consideration by an expert Committee consisting of railwaymen, financial and commercial experts and representatives of the Indian commercial and other communities. I think we may safely leave this matter in their hands where I feel satisfied that it will receive the most adequate and serious attention.

If Sir P. Sivaswamy Aiyer has any proposal to put forward as regards replacing the existing Railway Board, I for one should be very glad to help him.

The Honourable the President: The question is:

'That the provision under head Miscellaneous expenditure (page 56) be reduced by Rs. 8,30,000'.

The motion was negatived.

Surplus Profits.

Bhai Man Singh: Sir, I beg to move:

'That the provision of Rs. 1,32,00,000 for surplus profits paid to companies (page 56) be reduced to Rs. 66,00,000'.

There are railways which are run by the State and according to the contracts of many of them Government can give them six months' notice and can then take over charge of those railways. If the Government took over charge of these railways, it would mean a saving of Rs. 1,32,00,000 per year, so that if at the beginning of the year upon which we are about to enter, Government would give notice to those railways it would mean a saving of 66,00,000 in this Budget.

I know that a Committee has investigated the matter as to whether the railways should be run by the State or the companies, but just now I would point out that we are faced with a very great financial difficulty. I would ask—are we to control our demands and our funds? The Committee is not expected to look at the question from the point of view of the tax-payer, but we here have to see how far it is possible to tax the country. I believe that most of the Indian witnesses before the Committee gave their opinions in favour of the State taking over charge. If that charge is taken over then I submit that Rs. 1,32,00,000 can be saved. And that is not the only saving. If the State took over charge of these railways which are run by the companies, we could amalgamate many other small railways with bigger railways, and that would mean an additional saving of 50 lakhs or so every year.

The North Western Railway which is run by the State, has a mileage of 5,321. Its monthly expenditure on officers—I mean Superintendents—only comes up to about Rs. 40,000. If we compare this figure with the total similar expenditure on the Eastern Bengal Railway, the Assam-Bengal Railway, and the Oudh and Rohilkhand Railway—the mileage of all these three being 1,738 miles, 1,200 miles and 1,541 miles, respectively—the total would come to well nigh that of the North Western Railway. But the expenditure on Superintendents alone comes to about Rs. 30,000, Rs. 16,000 and Rs. 28,000, respectively. Taking all these facts into consideration, you can see that, if we could amalgamate some of the railways after taking over charge of them from companies, that would mean another saving of so much money in later years. I know, of course, there would be difficulties in adopting this proposal at once, but looking to the special financial circumstances I would urge that the amendment may be adopted.

Colonel W. D. Waghorn: I think it will be a comparatively simple matter to dispose of the Honourable Member's amendment. These surpluses as paid to companies are in the nature of liabilities. They are under guarantee and they have to be paid. What I understand the Honourable Member to propose is that these figures shall be divided by two. That is a very nice way of getting out of our liabilities, but I do not see how it is possible to consider this proposition. We have got to pay these liabilities. They are based on the gross earnings. If he will turn to page 129 of Appendix B, he will see that the actual gross surplus profits paid in 1919-20 were Rs. 2,00,92,000. Now the revised estimate for 1920-21 was Rs. 1,68,00,000, and, owing to decreased earnings for 1921-22, it is Rs. 1,32,00,000. But we shall be in a parlous state if we are going to assume that our liabilities on account of these payments are only to be 66 lakhs. I do not know whether I have made this point quite clear, but as these liabilities are incurred under the terms of the contract, we cannot divide these figures by two.

Mr. W. M. Hussanally: There is one point I would like the Honourable Mover of this motion to clear up. I understand these profits are to be made over to companies of railways which are working under certain contracts to run for a certain fixed time. Does the Honourable Member mean that these contracts should be broken up at once and these payments stopped? I think that would be impossible under the Contract rules.

Bhai Man Singh: What I really mean is that under the Contract rules Government or the State is at liberty to give six months' notice to the companies. Sir, the State has the right to take charge of the railways after six months' notice.

The Honourable the President: If the Honourable Member wishes to give notice of the desirability of terminating the contracts between the Government of India and certain railways, he can of course do so, but not by a reduction in the sums to be voted for the administration of railways in India in the current year.

Bhai Man Singh: I withdraw my motion, Sir.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 61,68,61,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending 31st March, 1922, in respect of railways'.

The motion was adopted.

Sir Sydney Crookshank: Sir, I beg to move:

'That a sum not exceeding Rs. 2,69,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for 'Irrigation and Waterways'.

Irrigation and waterways.

Rai J. N. Majumdar Bahadur: Sir, I beg to take this opportunity of directing the attention of the Government to its present Irrigation policy. My motion is:

'That the Demand under head 'Irrigation and Waterways' be reduced by Rs. 25,000'.'

and I have brought it in order to discuss it in this House and to draw the attention of the Government to its present irrigation policy. At the outset I may at once assure the Honourable Members on the side of Government that I am not against irrigation. But my point is that irrigation may be carried on to a point where it will do more injury than good to the country. We all know that high lands require irrigation, and that the cultivator should not be made absolutely dependent on the monsoon or rather the vagaries of the monsoon, and that the State should come to the rescue by irrigating his lands. All this is very good, and I think every one will approve of the good intentions of Government in coming to the rescue of the helpless cultivator. But it seems that the Government has not considered this matter from different points of view. It may be said, Sir, on the Government side that this irrigation branch has been transferred to Local Governments, that they are no longer Imperial subjects and that the matter is for the discussion of the Local Governments themselves. But I should say that the irrigation policy of the Government of India is being still followed by the Local Governments. The policy has been theirs, and the recent transfer of the Irrigation Department to the Local Governments does not absolve the Government from the policy it has been following in this country. The transfer also has been only of a very recent date.

Confining my attention, Sir, to the two magnificent and majestic rivers, the Ganges and the Jumna, of Northern India, I would ask this House to have a look at the Ganges first at Hardwar and then at Narourra. There you will find that the Ganges is trying to free herself, as if some living thing is trying to free itself from the bondage. It is very good to bring water to the fields of the cultivators . . . .

The Honourable Mr. W. M. Hailey: Sir, may I rise to a point of order and ask your ruling? The present motion relates entirely to the expenditure on irrigation and waterways under the direct control of the Government of India. The Honourable Member is referring not to Central but purely to Provincial expenditure, and I desire to ask your ruling whether the discussion can range beyond the head of grant to which the demand relates?

The Honourable the President: In so far as the Honourable Member is referring to questions not within the control of the Governor General in Council, he is not in order in discussing it here.

Rai J. N. Majumdar Bahadur: I submit to the ruling of the Chair, and therefore, I shall not refer to the deplorable condition to which the Ganges and the Jumna have been reduced by the irrigation policy of the Government of India. I submit, again, to the ruling of the Chair, and I shall not ask this House to pay a visit to the river Jumna below this Imperial city and look at its deplorable condition. I say, if the Government of India simply through a technical ground tries to shirk this question which has been agitating the minds of the people of Northern India, both Hindus and Mussalmans, for a long time, I do not think it will act wisely and that Nemesis will come upon it some time or other . . . .

Dr. H. S. Gour: I rise to a point of order. Is the Honourable Member justified in his still reiterating a subject which the Chair has ruled out of order?

Rai J. N. Majumdar Bahadur: I have already submitted to the ruling of the Chair. What I submit is this, Sir, I will banish from my eyes the condition of the Ganges and the Jumna. But what is the irrigation policy of the Government of India? It asks for Rs. 2,69,000. Has the Government of India any policy of its own? How does it want to irrigate? We know that irrigation can be made by wells, tanks and canals. We know that. But my object in bringing this question before the House is that irrigation is good and should be followed where you can do it without spoiling your rivers, but if you do not do that and say that you want to do good, the evil that will follow will be of a far larger dimension than what you would be able to do in the shape of good . . . .

The Honourable Mr. W. M. Hailey: I again rise to a point of order. The discussion is going far beyond the demand for grant. There is not, in all the area under the direct control of the Central Government (to which of course this demand for grant refers) a single river used for irrigation within that area.

The Honourable the President: As the Honourable Member is aware of the ruling which I made, I hope he will pay strict adherence to it.

Rai J. N. Majumdar Bahadur: Please excuse me as I have not been able to follow.

The Honourable the President: The Honourable Member takes a good deal of licence. He ought to take some trouble to pay attention to what is said from the Chair. I ask him to pay strict adherence to the ruling which I made two minutes ago.

Rai J. N. Majumdar Bahadur: I shall submit to it more strictly this time, Sir. In the first instance, we find that 'for charges in connection with various works in Baluchistan' Rs. 27,500 are to be voted. We do not know what those charges are, whether in respect of wells, tanks, or any irrigation canals. Tanks, wells, or irrigation canals, I submit, Sir, that this ought to be expressly mentioned, because we know that there is a great deal of difference between tank irrigation, well irrigation and canal irrigation. Therefore, the charge for the various works in Baluchistan seems to be very vague.

We should not allow any water to be taken away from the rivers if we can afford to irrigate the lands by digging tanks and wells, because by irrigating our lands from rivers, we destroy the rivers, and the rivers as this House knows and every Honourable Member on the side of Government knows are the natural highways of India . . . .

The Honourable the President: The Honourable Member is straying in the land of the forbidden rivers again.

Rai J. N. Majumdar Bahadur: I solicit a ruling from the Chair whether I am not entitled to discuss whether the irrigation should be from wells or tanks or rivers, and whether I am not entitled to discuss the relative merits of tank, well and river irrigation?

The Honourable Mr. W. M. Hailey: May I point out, Sir, that the expenditure to which this head of demand refers does not embrace a single item of irrigation from a river at all; and I put it that it is spending the time of the House improperly to discuss irrigation from rivers on a demand which does not actually contemplate irrigation of that type.

The Honourable the President: Does the Honourable Member wish to withdraw his motion?

Rai J. N. Majumdar Bahadur: Yes.

The Honourable the President: The question is, that leave be given to withdraw the amendment.*

The amendment was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 2,39,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of Irrigation and Waterways.'

**Vide* page 203 of these Debates.

The motion was adopted.

Mr. C. A. Innes: I beg to move :

'That a sum not exceeding Rs. 10,78,02,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for Posts and Telegraphs.'

Posts and Telegraphs.

Mr. B. Venkatapatiraju: Sir, I crave the indulgence of the Assembly to moving another amendment :

'That the provision of Rs. 8,38,82,000 be reduced by one crore.'

Now, Sir, I can expect the support of some of the Government members when I quote the authority of the Honourable Mr. Hailey, our Finance Minister, for the proposition which I wish to bring forward in this connection, because in his speech on Finance he himself admitted three facts which sufficiently enable us to come to one conclusion in the matter of revising this high rate of working expenditure. He says :

'It has not hitherto been easy to say precisely what we are making or losing over the administration of our post offices, as our general accounts do not show as debits or credits to the Post Office certain items of expenditure and revenue which, if the accounts were kept on a strictly commercial basis, would appear therein.'

He further says :

'Unless the charges we make to the public for postal services are raised, the Postal Department will be running at an appreciable loss.'

And he says :

'The net result of the above measures of enhancing the rates will probably be an increased revenue of 2¼ crores.'

It comes to this, Sir, that, though it is a commercial concern, our Finance Minister admits that it is not possible for Government to say whether it was running on profitable lines or otherwise. But he admits this fact that, unless we make another 2¼ crores by increasing our postal rates, we may not be able to run it profitably. Therefore, whether the Members are prepared to accede to the wish of the Government to increase the postal rates or otherwise would come on another occasion for us to discuss, but on the present occasion we have to see whether the present rate of increase in working expenses is justified, or whether we should put a stop to them. You will find from the figures given by the Government that in the year 1917-18 the working expenses were only 473 lakhs. Now they ask us to spend nearly double, *viz.*, 849 lakhs. Within five years or less they want to increase it by double the amount. With reference to this increase, they may point out 'Oh! we are not increasing it much this year, we are only increasing it by 56 lakhs from the revised budget.' I go further and say the revised budget exceeds the budget of 1920-21 by a crore and 39 lakhs. Therefore, we are asked to pay nearly two crores over the previous year's figures. When they were spending in 1919-20 598 lakhs, they proposed in the budget last year 655 lakhs and in this year's budget 793 lakhs and now they want 849 lakhs. Perhaps Members of the Assembly are aware that there are loud complaints with reference to the Postal and Telegraph Department, and we find often that from persons from whom we receive the minimum of labour we always expect the maximum of complaints, because they have nothing else to do. After receiving such a large amount, perhaps they may grumble and next year they may come up with another proposal to increase the pay by another 50 lakhs. But so long as we have to pay such a large amount, when it is not a profitable concern, when we are not making a good all-round amount, I earnestly appeal to the Government that they should carefully look into the question of working expenses; they should try their best how to reduce this proportion of working expenses to the income that is realised. We were told by the Finance Minister that the income under revenue which you are realising is growing gradually less. When you are spending a large amount on working expenses, it must necessarily grow less. Therefore, it is the duty of this Department, if it is to be run on business lines, to look very carefully into their working expenses and reduce them so as to leave a margin of profit instead of increasing them and imposing a burden on the general tax-payer to the extent which has been suggested.

The Honourable the President: The question is :

'That the provision of Rs. 8,38,82,000 for working expenses—Posts and Telegraphs be reduced by one crore.'

Mr. C. A. Innes: Sir, may I begin my reply to Mr. Venkatapatiraju by telling the House a short story. It happens to be a true story. Some years ago when I was a care-free district officer—I was Collector of a district in Malabar—one night one of our forest elephants joined up with a herd of wild elephants. Its mahout seized a gun and tracked and followed the herd and at imminent risk to his life kept in touch with that herd day after day. On the third day something frightened the herd and it charged on the bushes where the mahout was lying. In self-defence the mahout had to fire into the brown. Sir, he killed his own elephant. Now, Sir, may I compare Mr. Venkatapatiraju's motives to firing into the brown? I am quite sure the House will not accept this motion which is a very ill-advised one, but if it does, he will have succeeded in killing not one Government elephant but many elephants and he will have done irreparable harm.

I have not been able to make out from his speech precisely what he objects to. As far as I can see, he takes general objection to our increased budget expenditure. Now there are two causes for that increase. One is the enormous expansion of the department. Every year the facilities offered by it become more and more popular and the volume of business grows. In 1919-20, for instance, we dealt with more than 100 million more messages than in the previous year. Now, more messages mean more business. More business requires more staff to deal with it, otherwise it is the public that is going to be inconvenienced. The second cause is one which must be appreciated by everyone in this House,—I mean the increase in the cost of living generally. It seems to me to be useless to complain of this increase, over which we have no power. Mr. Venkatapatiraju is to-day a sort of reincarnation of King Canute. We know how King Canute sat on the sea-shore and bade the waves keep back. Similarly, to-day Mr. Venkatapatiraju expects that the economic forces which cause the rise and fall of prices and affect the purchasing power of money will obey his will. But I am afraid they will not do so. Money cannot buy to-day what it did before. The cost of every thing has gone up, and we have been compelled to raise the wages of our staff. Surely Mr. Venkatapatiraju has heard that last year, at the instance of the Imperial Legislative Council—mind you,—we appointed a special committee to inquire into the postal services. That Committee made certain recommendations, and it cost Rs. 11,13,000 to carry out those recommendations. That is one of the main causes of the increase in our budget this year. We accepted the Committtee's proposals and we have made lump provisions for those proposals. I am sure the House will not take any exception to those lump provisions after the promise which the Honourable Mr. Hailey gave, namely, that the claims which are to be met from these lump provisions will be referred, as far as possible, to the Standing Finance Committee.

If, Sir, this House accepts this Resolution and cuts down the provision for the working expenses of the Postal and Telegraph Department, I am perfectly sure that it will be doing a most unwise, a most unbusiness like and a most uneconomical thing. It will be killing the goose that lays the golden eggs. We make a large revenue out of the Post and Telegraph Department; but we cannot hope to go on making that revenue unless we put money in the department. Every business man in this House will tell you that that is the correct procedure to take. You cannot expect to make any profit unless you put money into your business. Now, if the House accepts this motion, our Budget must be cut down in some way to the extent of one crore; either we must cut down our staff, or reduce their pay; or we must cut down the provision for the maintenance of our telegraph lines or we must effect some other saving. I ask the House is that a wise thing to do? Everybody knows that our telegraph lines are now congested, through the reduction of men and the difficulty of obtaining material during the war, and everybody knows that we ought to be building up the Telegraph Department now. But we are not going to build it up by cutting down the provision for working expenses. Mr. Venkatapatiraju made one remark which rather attracted me in his speech. He referred to certain complaints that are made against the Postal department. Now, Sir, at Home in the House of Commons, I think I am correct in saying, that when a member wishes to pass a vote of censure on the way in which a department may be conducted, he proposes a reduction, not of the working expenses of the general staff of that department, but of the member or minister in charge; he takes very good care to see that he does not embarrass the department by cutting down its provision for essential services. If Mr. Venkatapatiraju wishes to pass a vote of censure upon the Telegraph Department, upon the Honourable Sir George Barnes or upon myself, surely that would have been the right way to do it, and not to propose the reduction, without giving us a single reason, of a sum of one crore from our provision for working expenditure, that is, by 12½ per cent. I am sure that the House will not agree to a motion of this kind.

Mr. Eardley Norton: Sir, I have a practical complaint to make to the Honourable Member, one to which I trust he will turn his serious attention, and that is the extraordinarily bad hand-writing of the departments over which he presides. For the last three or four years their caligraphy has been steadily deteriorating, until at last it has reached the stage that I am often compelled to refuse receipt of a telegram. These messages come to me always in pencil, and they contain words which no Englishman or Englishwoman has ever used; they come very often in a mutilated form; and they necessitate an extra and wholly unnecessary expenditure on my part of having to send telegrams back to know what is the meaning of the messages that are sent me. In this respect the Post Office is almost as bad a sinner, but not quite so bad, as the Telegraphs. Why they write so badly I cannot say. Possibly it is because—I scarcely like to attribute this—to want of education, possibly because for the extra nervous strain to which they have been subjected by the recent war, possibly because of the fear of advancing Bolshevism, possibly also because of the fear of such a reduction as that contemplated by my friend behind me. I can only say that it is a serious complaint and that my life from start to finish, already serious enough, is made almost intolerable by the system of undecipherable and unintelligible messages from the Department over which Mr. Innes presides. I can only hope that the suavity which he extends to us across the table may enable him to permeate the greater intelligence of the clerks of his department; and if he can only collect some of them and tell them some stories like those he has told us to-day, I feel quite certain that he can reach their hearts and through their hearts will reach their hands to their and my own better contentment.

Rao Bahadur T. Rangachariar: I rise only to point out a slight disposition on the part of my Honourable friend, Mr. Innes, to under-rate the Resolution which we passed

yesterday. I see that even in the short space of 24 hours which have passed he seems to understand the Resolution which we passed yesterday and is rather . . . .

Mr. C. A. Innes: May I rise to a personal explanation, Sir, to say that I had not the slightest idea of detracting from that Resolution at all.

Rao Bahadur T. Rangachariar: – I beg your pardon; you used the words 'as far as possible' which means quite a different thing from 'except in urgent cases.'

Mr. B. Venkatapatiraju: Sir, it has become necessary for the Honourable Mr. Innes to ridicule the proposition when he has no grounds to reply to. He suggests that we cannot command the world forces which are operating in this country. I certainly do admit, Sir, that when we are weak, when we are inefficient, when we are unable to control our forces, it is no wonder that no sooner a telegram flashes across the wires than the Government of India comes to its knees to offer terms. After revising their salaries only recently, if the officers ask for more and if the Government of India comply with the demand, it only shows inefficient supervision, and inefficient supervision always leads to increased expenditure. My complaint is not with reference to any particular item. My complaint is that the working expenses have gone up enormously within the last five years from 473 lakhs to 894 lakhs. There is no other explanation for this increase except that it is due to the increase of the salaries, which the Government of India are revising and re-revising.

Now, Sir, the Honourable Mr. Innes suggests that we should not kill the elephant. It is far better to kill a white elephant, because it will otherwise prove a burden as in Burma. What I suggest for the consideration of the Government of India, is to find out some method of reducing the proportion of working expenses. Is there no possible way of reducing the expenses when it is admitted that the concern is not a profitable one, that we are losing on it. As everybody knows, it is not an administrative matter; but it is a commercial matter, and we must look at the whole thing from a purely commercial standpoint. So what is there ill-advised or unwise in making such suggestions and for the Government to look into them? Like an ostrich, we cannot bury our heads and then say we cannot see anything. There are the increased salaries staring in our faces, the working expenses are increasing, the reason everybody knows. Because the companies are being managed by only one set of people, and they know full well that since their help is wanted they can make their own demands. But if the management is distributed properly, it would create a healthy spirit of competition, and there would be officers equally efficient as the present. Why should an effort not be made to look to other directions to effect economy instead of trying to ridicule our suggestions? Can anybody deny that the working expenses during the last five years have not gone up so enormously as to justify Government looking into the matter and trying to reduce them? Therefore, Sir, it is not a matter for Mr. Innes to ridicule. It is a matter for the deep consideration of the Government of India, and I hope that the Honourable Mr. Innes will think twice whether it is not possible, by efficient supervision, to reduce the working expenses of the department instead of unnecessarily adding to the burden of the general tax-payer by increasing the postal rates. He wants to raise money, but he must see how best he can bring about efficient development and draw our attention to it. That is the only way of improving the administration.

And, Sir, the Honourable Mr. Innes suggested that in England, whenever they where dissatisfied with a Minister, they could turn him out. But I have no grievance against Mr. Innes or Sir George Barnes. I have no grievance against any person whatsoever. My only point is that, since the working expenses of the department have increased enormously, you must see your way to curtail them and meet the general tax-payer, but instead of that, whenever you find a deficiency you want to tax the people.

The Honourable the President: The question is:

'That provision of Rs. 8,38,82,000 for working expenses—Posts and Telegraphs—be reduced by one crore.'

The motion was negatived.

Mr. N. M. Joshi: Sir, I beg to move:

'That the Demand under head Posts and Telegraphs (including working expenses) be reduced by Rs. 12,00,000.'

I am not asking the House to reduce any particular item. The Members of this Assembly know that there is a proposal before it to increase the postal rates, and if I can feel the pulse of this House, I may say that this proposal is not likely to meet with its approval. Under these circumstances, I think it fair that we should help the Honourable the Finance Member by trying to reduce the expenditure on Posts and Telegraphs. If we do not do this, I feel we shall not be fair to Government. I therefore propose that this grant should be reduced by Rs. 12,00,000.

While I ask this House to reduce the grant, I do not wish that the postal facilities which the people of this country enjoy should be reduced to any extent at all, nor do I wish that any officers of Government, whether low or high, should receive insufficient salaries. On the contrary, I desire that the Postal Department, should increase the salaries of the postal and telegraph peons of Bombay. I do not also say that Government should not create any

new posts nor should build any new buildings. But I want to impress upon this House the necessity of curtailing our expenditure in certain respects without curtailing the facilities and without putting the postal officers to any inconvenience in respect of lower salaries. I therefore propose, in the first place, that the Postal Department should postpone the creation of new posts in the Department. They propose to create several posts, some of which are non-votables—I do not propose to say anything about them—but there are others upon which we can vote, and I shall mention some of these :

		Rs.
Page 5	Divisional Engineer (Wireless)	11,000
„ 5	Deputy Assistant Engineer (Wireless)	6,000
„ 6	Extra provision for War Branch	18,000

I think this should go to the Military Department.

Page 20	Telephone operators	1,93,850
„ 34	Deputy Assistant Electricians	89,600

Sir, we have heard during the last two days a good deal of discussion on the broad question of the establishment of highly-paid new posts. Government first puts forward the necessity of having an officer to develop certain Departments, either a Commissioner, a Superintendent or a Director. The Superintendent, the Director, or the Commissioner then begins to feel that it is his duty not to look to details but only to supervise. Then each department will go up for sanction for the appointment of an Assistant Superintendent, an Assistant Director or an Assistant Commissioner. But I do not want to say much about this system, or about creating post after post in order that the higher officials should be left free to supervise and not be obliged to look into any details. But I would urge that the creation of new appointments can be postponed for a year at least.

I think that nothing would be lost, and that the Postal Department would be just as efficiently managed if some of the appointments are not created during this year but are postponed for one year. Sir, the amount which I read out just now comes to nearly 3 lakhs. Now I come to another item, namely, buildings. I am not against Government building commodious and convenient buildings for the benefit of the postal service—I do not grudge Government the money for them. But what I feel on this question is this. We are suffering from great financial stringency and therefore we should restrain our hand as much as possible. Now, Government propose to spend 20 lakhs of rupees on buildings during this year, and I want to recommend that they should only spend 10 lakhs. We are told that Government are more solicitous about the welfare of its subordinate officers than the higher officers. I do not therefore want to ask the House to postpone any schemes which affect the subordinate officers or the menials. But if there is any scheme regarding the higher officials, I hope the Government will postpone that scheme for one year. I shall refer to some of the building schemes which I would like postponed. First, there is the new building for the Postal Press at Agra. Then there is the Dadar Post Office which will cost 1 lakh. I have seen that Post Office and I think it can wait for one year more. Then there are bungalows for the Postmaster General and the Director of Telegraph Engineering at Bombay. Now Members of this Assembly know of the great difficulties that exist in getting accommodation in Bombay, and the Postmaster General is not the only person who finds it difficult to obtain accommodation in Bombay, and he is a highly-paid official. I hope, therefore, that he will oblige the Government by waiting for one year.

Then they want another lakh of rupees for a new Rangoon Post Office, and there is a lump provision for major works costing over 6 lakhs. Then there are buildings for the Telephone Exchange and Export and Import Shed and cable guarding house, etc., in the compound of the Telegraph Store Yard at Alipore, each item costing 1 lakh. A new building for a telephone exchange at Asansol costing Rs. 50,000 and a lump provision for major works costing 4 or 5 lakhs of rupees,

All these buildings can wait, but if there are any buildings which must be constructed, I do not think that Government cannot find the money out of the 10 lakhs which will be left.

I therefore think that the case for reducing expenditure by 12 lakhs is very strong. It will not inconvenience any body. The public will get all postal facilities. The officers, the establishment, high and low, will get all their salaries. What will happen is that some new posts will not be created, and that some new buildings will not be built. I hope therefore that the Assembly will accept my motion.

Mr. C. A. Innes : Sir, I feel that I am justly entitled to claim the sympathy of the House. The orders that we received from the Finance Department when we were preparing this Budget were to cut out everything except what was absolutely essential. We did so, and when we sent in our Budget the Finance Department cut it down by a further 50 lakhs. We have pitched our demands at the lowest, and I do not think there is anything in this Budget that anyone can take exception to. Mr. Joshi has suggested that most of the 12 lakhs which he thinks should be cut out of this Budget can be secured by savings on buildings. But here again, it is one of our greatest complaints that we asked for 45 lakhs for buildings, but we were cut down to 20 lakhs. Mr. Joshi suggests that many of the buildings, which are shown as new buildings in the programme for the Telegraph Department, might easily be postponed. I do not think that he has noticed that the net amount which has been provided this year for

Telegraph buildings is 10 lakhs of rupees and that major works in progress will require of those 10 lakhs 9 lakhs 75 thousand rupees. Again, the total amount which has been provided for post office buildings is 10 lakhs of rupees. Major works in progress will require 5 lakhs. Thus it is only the most urgent of the new buildings shown on page 65 that can be taken up this year. As I have said, Sir, many people seem to think that this Budget is too big, but I can assure the House that we have cut down beyond what I personally consider to be safe. We have in the Post and Telegraph Departments—departments which have yielded to us for many years large revenues especially the Telegraph Department. The Telegraph Department in 1919-20 contributed a net revenue of Rs. 1,70,00,000. But, Sir, during the war, owing to the lack of material, we were not able to keep the department up as we wished. In 1918, we actually had to go to the length of advancing our telegraph rates, merely to keep traffic down and to prevent our already congested wires from being further congested. Now, Sir, that is not a proper position for a business department. We have in the Telegraph Department a department which, if treated properly, will continue to yield us good revenue. Our policy should be to build up the department, to restore the wires, to extend the wires, till the Department is able to cope with the expanding traffic. When we have done that our first duty is to reduce our telegraph rates, which are admittedly too high. But this year, owing to these unfortunate financial circumstances, we have been cut to the bone, and I am sure that the House, when it has heard this explanation, will not agree that this Budget should be cut down even in the small amount of 12 lakhs which has been proposed by Mr. Joshi.

Dr. Nand Lal : Sir, some of us are really in an unenviable predicament and I confess I am one of them. Our difficulty is this. When we make arithmetical calculations and compare our totals with the figures in the Appendix, we find that there is an arithmetical accuracy between the present demands and those of the last year. But, when we look at the differences, we find then that the differences are very great. When we ask for an explanation, we find none. And if we ask that there should be some deduction in the demand, then we are confronted with this general and stock question : 'What are your reasons?' It is regrettable indeed that, when this Budget was prepared, there was no committee to discuss it.

But as it is, we have got to see ourselves contented with it now. If we ask for a modest reduction, Government officials ought to try to appreciate our request. Now, look at this motion which is before this House. It is a most modest one. We want a little reduction and we have given sufficient explanation for it. What is that explanation? That explanation is this that we have tried to show where we want this reduction and in what manner it can be made. We have submitted to the Government that the creation of new posts should be stopped for this year, because this year we are financially embarrassed. We shall have to get this money out of the pockets of the poor rate-payers and tax-payers who will cry. If Government wants to erect new buildings, they should postpone it for one year. This is our humble prayer. There will be no harm if those buildings are not erected this year. We are not against the erection of these buildings or offices. We say, they may be built, but not this year, because there are so many expenses to be met. Where is the money to come from? The money will have to come out of the pockets of these poor tax-payers and there will be a hue and cry when we ask them to pay us. If Government will find its way to accept this modest Resolution there will be some sort of consolation. We shall be able to tell the people that Government has allowed some reduction to be made in some cases. We are not asking, by this Resolution, that there should be a reduction in the salary of officials. What we say to the Government is 'kindly do not create new posts at least for this year.' We thank Government if they want to supply us with Government buildings. But we say to them : 'do not take any trouble this year. It may be done hereafter'. Supposing I have not got money in my pocket and my relations ask me to build a huge palace, should I go to a banker and borrow money? Taking a loan of money and erecting a building, I am afraid, would not advertise my wealth or dignity. Therefore my humble submission is that the Government will kindly accept this very modest motion, and I appeal to the House to vote unanimously in favour of it, it speaks for itself.

Mr. Wali Mahomed Hussanally : I think, Sir, the explanation offered by the Secretary for the Department of Commerce is by no means satisfactory to this House. Mr. Joshi mentioned several buildings which he considered could be put off for another year, and to that specific question with regard to specific buildings, there has been no answer forthcoming. All that we had from the Secretary is that the Government have cut down the expenditure in the various branches of Posts and Telegraphs, as far as they could, and that they could not cut it down any further. But that is not the question put by Mr. Joshi. Mr. Joshi wanted to know whether these buildings that he mentioned at various places could not be postponed for another year, and I think, Sir, that the construction of buildings in Bombay and elsewhere could easily be put off, as also the creation of some of the new offices that have been proposed to be created. There is one other point, Sir, to which I beg to draw the attention of the House, and that is the question of additional taxation. Now the Postal Department has been taxing us a very great deal, and I believe that nearly all the non-official members, including the European non-official members, are against increasing the postal rates in India. If the proposal from the Government were to enhance or double the rates of postage to the United Kingdom, for instance, instead of the proposal that has been brought forward in the Tariff Bill, namely, that of raising inland rates, I think there would have been no difficulty in allowing these charges to be passed. But in consideration of the

fact that the poor people are going to be taxed with regard to their postage, I think that this reasonable and modest proposal of Mr. Joshi ought to be carried, so as to enable the charges of postcards and postal envelopes to be kept at the same level as that at which they are now.

Mr. Harchandrai Vishindas : Sir, I agree with all that Mr. Wali Mahomed has said, and I would only add this. As to the plea that has been put forward by Mr. Innes that the Finance Department have cut down the estimate which his department had submitted we say we want to cut down something more. The only question is whether we are competent to do so or not. There is no doubt that we are competent. All that remains to be considered is whether a strong case has been made by Mr. Joshi, or whether that case has been successfully met by Government. Mr. Joshi has very reasonably pointed out, and I need not repeat what Dr. Nand Lal laid so much stress upon, that these are things which, for the time being, can be put off, and to that the Government has not given any reply. Therefore we have to look to the merits of the question, and on the merits Mr. Joshi's case is a strong one and we should exercise our votes in favour of cutting down this item.

Mr. H. N. Hutchinson: Sir, Mr. Joshi has made a point that we might keep down the expenditure on establishment by not taking on one or two new appointments. We must make new appointments in this large Department in which our work is, not perhaps as Mr. Innes remarked, growing more popular. but at any rate growing larger than it was. We must have some new appointments in the future. He has asked that the larger portion of this cut that he wishes be made from buildings. Well, he spoke about the various buildings. I must claim that I have a very much better knowledge of the building question than anybody else here, for I have personal knowledge of every one of the buildings that is in the schedule except one. It chanced that I was in Bombay for some time, and while I was in Bombay I found that the housing question was most difficult. I found that we could not house our men, and if Honourable Members will look at the provisions which we have made, they will find that a good many of the provisions were for housing post offices and housing post men and housing postal clerks, etc., in Bombay . . . .

Mr. N. M. Joshi: May I say I never mentioned those buildings. On the contrary, I want those buildings to be built this year.

Mr. H. N. Hutchinson: The fact is that with the grant we have from the Finance Department we cannot build those buildings this year. If we look into the statement as put up, we will see that our total demand for future works which are not yet begun is 12 lakhs and over on the post office side, and 12 lakhs and over on the telegraph side, not including those works which are now in progress and for which we must pay, and which we must go on building. The total amount of new works that I anticipate I shall be able to undertake will not amount to more than 3 or 4 lakhs in the whole year. Even now, if we cut down one lakh of this expenditure, there is one lakh less out of the 3 or 4 lakhs which I shall be able to build this year. We are really in a very serious state as to buildings, and I do wish that the Honourable Members will not cut down this grant. I have seen these places, I know the difficulties of housing. The Telegraph Committee which sat last year was extremely scathing in their remarks in dealing with the method in which we house our men, and one of my most important telegraph schemes is for a quarter at Rawalpindi where the men are actually living in tents and will live in tents till we put up this building.

Mr. E. L. Price: I must represent that a certain element of prejudice has been introduced into the discussion of this question by coupling it with the question of increasing the postal rates. The first amendment I think on the budget that was put in, connected with the postal rates, must have been put in by myself. I put it in the very day the budget was introduced, and it was that the postal rate for letters should be maintained at half an anna, at all events, up to one tola. And I should like to tell the House, so as not to prejudice either this question or my own amendment later, that the question of maintaining the half anna letter up to one tola weight is not in any way mixed up with this question of demands for post office, because if the Finance Member turns round to me and says 'you cannot persuade me I will not lose money by this concession', if he says that to me, I am ready to point out to him a perfectly legitimate way by which he may raise the difference.

So I do assert, Sir, that the question of postal rates does not arise under the amendment now proposed, but the mere suggestion that it does so arise is prejudicing and I think spoiling the debate on this subject.

Mr. S. Mudaliar: I heartily support the Resolution which has been so ably moved by my Honourable friend Mr. Joshi. He has given most convincing reasons and what he has aimed at in his Resolution is a very modest one. He wants us to cut short the expenditure on buildings by ten lakhs of rupees. On the other side, on the side of Government, the answer is that this cannot be cut short and the reasons that have been adduced are not very convincing. I daresay, and I hope the House will agree with me, that these offices which are located in rented buildings can continue in them very well for a year or two. As a matter of fact in my own place which is the headquarters of a district we have the post office in a rented building at a rent of Rs. 150. I think the construction of these buildings can very conveniently be postponed for some time until we have a prosperous budget. Now at a time

when we are confronted with a deficit budget and we have to meet a deficit of 19 crores, is it not the bounden duty of this House, does not the House owe a duty to the electorate and the country at large to propose these amendments and very reasonable amendments too, to cut short this expenditure by one lakh? If this cannot be accepted, then I think it must be very surprising and I am bound to say that Government will not be taking a sympathetic view of the matter. Of course I do not demur to what has been said by the other side that they wanted an increase of establishments and to give increases of pay. That question does not arise here. I may say in this connection that last year there was a Postal Committee and some increases of pay have been given effect to. That is what I saw in the papers, and I see there has been some agitation, but apart from those things, I confine my attention to what is said in the Resolution, namely, to cut short by Rs. 12,00,000 the working expenses under Posts and Telegraphs. Once more I desire to emphasise that the construction of these buildings can conveniently be postponed for a year or two, unless and until we find money in the meanwhile. I beg to state that, if necessary, the departments can continue in rented buildings. With these few words I beg to support the Resolution which has been moved by Mr. Joshi and I hope it will commend itself to the acceptance of this House.

Khan Bahadur Zahir-ud-din Ahmed: Sir, of all the Departments under Government the Postal Department is the Department for which the general public has got the greatest respect: I wish I could have said the same of all the Departments. I am the last man to injure the only Department which is working so very blamelessly. So I am against the Resolution moved by my friend the Honourable M. L. A. from Bombay.

Rai Bahadur Pandit J. L. Bhurgava: Sir, I strongly support the motion. The reasons which have been given by the Honourable Mover are very sound and convincing, and the demand is a very modest one. I have been noticing since yesterday that many motions have been moved by non-official Members and most of them have been withdrawn. I hope this time the Government will find its way to accept this reduction of demand and withdraw its objection.

Babu K. C. Neogy: Sir, knowing, as I do, the fondness of Government for bricks and mortar, I am not at all surprised at the arguments which have been addressed to the Assembly from the Treasury Bench on this question. I will ask the Assembly to remember one little fact. At the Brussels Conference one of the Resolutions which was adopted recommended that no nation should undertake any capital outlay unless it were of an immediately remunerative character. I want to know as to how far this question has been approached by Government from that point of view.

Mr. N. M. Joshi: My reply to what was said on the Government side is that I do not ask that the buildings which are in progress should not be continued. I only say that the new buildings should not be built, and most of the buildings in the list which I read are new and original works.

I therefore hope that the Assembly will accept my motion.

The Honourable Mr. W. M. Hailey: I do not wish to add to the debate, Sir, but to mention one definite fact; I mention it in reply to what Mr. Joshi said just now. 20 lakhs have been provided in the budget of the combined Departments for buildings. Out of that 20 lakhs, 15 are already mortgaged for works in progress. I appeal to any business man in this House to say whether it is wise to leave off works in progress, or whether it is economical to do so. You will have to pay your contractors; ultimately, when you resume your work, you will probably have to pay very much more. I repeat, Sir, of the 20 lakhs, 15 are already mortgaged for works in progress.

The Honourable the President: The question is:

'That the Demand (No. 12) under head Posts and Telegraphs (including working expenses) be reduced by Rs. 12,00,000'.

The Assembly divided as follows:

AYES—47.

Abdulla, Mr. S. M.	Joshi, Mr. N. M.
Afsar-ul-Mulk Akram, Hussain, Prince.	Kamat, Mr. B. S.
Ahmed, Mr. K.	Lakhsmi Narayan Lal, Mr.
Aiyar, Sir Sivaswamy.	Latthe, Mr. A. B.
Ayyar, Mr. T. V. Seshagiri.	Majumdar, Mr. J. N.
Bagde, Mr. K. G.	Man, Singh Bhai.
Bajpai, Mr. S. P.	Mitter, Mr. N. C.
Bhargava, Mr. J.	Misra, Mr. Pyari Lal.
Bishambhar Nath, Mr.	Mudaliar, Mr. Sambanda.
Chaudhuri, Mr. J.	Mukherjea, Babu J. N.
Currimbhoy, Mr. R.	Nand Lall, Dr.
Dalal, Sardar, B. A..	Nag, Mr. Girish Chandra.
Das, Babu Braja Sundar.	Neogy, Babu Khitish Chandra.
Dwarkadas, Mr. J.	Rangachariar, Mr. Tiruvenkata.
Ghulam Sarwar Khan, Chaudhuri.	Rao, Mr. P. V. Srinivasa.
Ginwala, Mr. P. P.	Reddiyar, Mr. M. K.
Girdhardas, Mr. N.	Samarth, Mr. M. N.
Gour, Dr. H. S.	Sinha, Beohar Raghubir.
Gulab Singh, Sardar.	Sinha, Mr. S.
Hussanally, Mr. W. M.	Sircar, Mr. N. C.
Iswar Saran, Mr.	Sohan Lall, Mr.
Jatkar, Mr. B. H. R.	Ujagar Singh, Baba Bedi.
Jejeebhoy, Sir Jamestjee.	Venkatapatiraju, Mr. B.
	Vishindas, Mr. Harchandrai.

NOES—41.

Ahmad, Mr. Zahir-ud-din.
Amjad, Ali Mr.
Aiyar, Mr. A. V. V.
Bryant, Mr. J. F.
Crookshank, Sir Sydney.
Dentith, Mr. A. W.
Fell, Sir Godfrey.
Garu-Jayanti, Mr. R. P.
Gidney, Lieutenant-Colonel H. A. J.
Habibullah, Mr. Mahomed.
Hailey, The Honourable Mr. W. M.
Hajeebhoy, Mr. Mahomed.
Herbert, Lieutenant-Colonel D.
Holland, The Honourable Sir Thomas.
Hullah, Mr. J.
Hutchinson, Mr. H. N.
Ikramulla Khan, Mr. Mirza Md.
Innes, Mr. C. A.
Kabraji, Mr. J. K. N.
Keith, Mr. W. J.
Maw, Mr. W. N.
Mitter, Mr. D. K.
Muhammad Husain, Mr. T.
Norton, Mr. Eardley.
O'Donnell, Mr. S. P.
Percival, Mr. P. E.
Pickford, Mr. A. D.
Price, Mr. E. L.
Ramji, Mr. M.
Rao, Mr. C. Krishnaswamy.
Renouf, Mr. W. C.
Sapru, The Honourable Dr. T. B.
Sarfaraz Husain Khan, Mr.
Sen, Mr. Nishikanta.
Shahani, Mr. S. C.
Sharp, Mr. H.
Singh, Raja S. N. P.
Spence, Mr. R. A.
Spry, Mr. H. E.
Waghorn, Colonel W. D.
Watson, Sir Logie Pirie.

The motion was adopted.

Mr. N. M. Samarth: Sir, the motion as printed on the agenda is not in accordance with the notice that I gave and I will read out, therefore, the notice which I gave of the amendment. It is this:

'That in Demand No. 12, Posts and Telegraphs—page 58, the amount of Rs. 10,78,02,000 be reduced by Rs. 1,10,02,000, the said reduction to be made in the amount entered for Capital Outlay.'

As Members will remember, on Tuesday last, during the budget discussion, I pointed out that in the budget of the Government of India, March 1921, page 120, there is the following entry:—'Posts and Telegraphs, Capital Account chargeable to revenue: Capital outlay on Posts and Telegraphs' and on page 121, that amount is given as Rs. 2,10,02,000. I, for one, cannot understand how capital outlay on posts and telegraphs can be debited to revenue. Either, I said, I was wrong or it is a curious method of book-keeping. To that I do not think I received any satisfactory reply from Government. I should like to know even now whether Government have got any satisfactory reply to it or whether they can see my point or not.

Originally, I intended to demand from this House a reduction of the whole of this amount of two crores ten lakhs and two thousand rupees. But I thought some portion of it must be probably for copper wires and other stores, freight and so on. I have no figures, Government probably have figures. A fair proportion of this capital outlay, I thought, should go into capital account because it would be a productive outlay. I then looked at the working expenses which are given in Appendix A—Working Expenses for Posts and Telegraphs. I found on page 80 that the Indian Postal and Telegraph Department and the Indo-European Telegraph Department show Gross Receipts, in the proposed estimate, amounting to 12 crores 37 lakhs 19 thousand, out of which working expenses are deducted at 8 crores 82 lakhs 55 thousand, and there are, therefore, net receipts amounting to 3 crores 54 lakhs 64 thousand. On going through the figures, I found further at pages 56, 58 and 72 certain items for purchase of stores and freight, and altogether the total of the figures comes to one crore 62 lakhs 99 thousand. Deducting that out of the net receipts, I found the balance was 1 crore 91 lakhs 61 thousand. I thought the net receipts would quite suffice for the purposes of the department, but I have made a liberal margin in favour of Government and asked for a reduction of the total demand by only Rs. 1,10,02,000. I need not labour the point, and I should like to know what Government have to say in the matter.

The Honourable Mr. W. M. Hailey: Sir, the Telegraph Department, like the Postal Department, is a source of revenue to the country, but we have not, I quite admit to the House, been able hitherto to gauge the exact amount of net revenue which the Post and Telegraph Departments bring us in. It is perfectly true that we do keep a *pro formâ* capital account. It is, however, only a *pro formâ* account. There are a number of hypothetical adjustments—work done for the department by other departments and work done by the department itself for other departments, which have to be made before we can get a true view of the profit and loss involved in its operations. It has been a complaint, I think, for some years that we never presented to the public a perfectly true account of the operations of this combined Department as a commercial undertaking. Well, Sir, when you find a complaint of that kind and you believe the complaint to be well founded, the best thing to do is to try to put it right, and this year we are trying to do so. We have obtained from England representatives of a firm of Chartered Accountants highly expert in commercial accounts. They are now touring India, and we hope, before very long, to have a complete and satisfactory captial and revenue account for the post and telegraph departments. It is because we have never had really satisfactory figures for the separation of capital from revenue expenditure that we have continued to finance these two departments out of revenue and to take all the proceeds into revenue. To that extent they have of course been on a different basis from Irrigation and Railways which have a true capital account; their capital outlay has been financed entirely from loans, and we have kept their accounts on strictly commercial principles.

That is the reason why you will find that in our accounts the interest charges are set off on account of our capital outlay on Irrigation and Railways, while there are of course

no interest charges given on account of our Post and Telegraph operations. However, Sir, I recognise that this is a somewhat exceptional year—may I add perhaps fortunately exceptional, for I hope that it will not be often repeated—and we ought to try to do what we can to meet the Assembly; that is instead of asking it to wait until we have our true account before we transfer any expenditure from the revenue to the capital account, instead of giving that answer, we ought to do what I can to meet the present urgent necessity. Meet it perhaps I might add, Sir, we ought to try to meet it by somewhat more legitimate methods than by merely disallowing expenditure for works in progress. Well, Sir, what we propose to do is to make the best account we can of what can be described as true capital expenditure—that is to say, wires and the like to which Mr. Samarth has referred—and put that down to capital. On the best calculation that we can make, that amounts to about Rupees 1 crore, and I am quite prepared, as far as we are concerned, to take 1 crore of rupees out of this Demand for grants and put it down to the capital demand, making, if the House agrees, the necessary Resolution afterwards for the adjustment that will be required in our accounts for that purpose. I see that the Honourable Mr. Samarth's amendment refers to Rs. 1,10,02,000. There is no very great difference between our figures, and I admit that it would be far more satisfactory from my point of view if it were a crore. If Mr. Samarth likes to behave handsomely by me as I am behaving handsomely by him, I think, Sir, that we might perhaps call it one crore?

The Honourable the President: The question was:

'That in the Demand No. 12, the provision of Rs. 10,78,02,000 for Capital Outlay under head Posts and Telegraphs be reduced by Rs. 1,10,02,000.'

Since which an amendment has been moved to substitute for the figures in the motion the figure Rs. 1 crore.

The question is that that amendment be made.

The motion was adopted.

Mr. Joshi: Sir, the Honourable the Finance Member just now referred to disallowing expenditure for works in progress. If he means my motion . . . .

The Honourable the President: Order, order. We have passed from that.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 9,66,02,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of Posts and Telegraphs.'

The motion was adopted.

The Assembly then adjourned till Friday, the 11th March 1921.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Friday, 11th March, 1921.

The Assembly met in the Assemby Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—LIST OF DEMANDS—*contd.*

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

The Honourable Mr. W. M. Hailey: I beg to move, Sir:

'That a sum not exceeding Rs. 2,30,77,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for Interest on 'Miscellaneous Obligations'.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 2,30,77,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of

Interest on Miscellaneous Obligations—*contd.*

Interest on Miscellaneous Obligations."

The motion was adopted.

Mr. S. P. O'Donnell: Sir, I beg to move:

That a sum not exceeding Rs. 65,46,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for 'General Administration'.'

General Administration.

Honourable Members will observe that the figure I have mentioned is Rs. 43,000 in excess of that shown in the Blue Book which they have in front of them. The reason for that is this. It is desired to increase the provision for the sumptuary allowance of the Governor General from Rs. 21,000 to Rs. 40,000 and the provision for expenditure from the contract allowance from Rs. 1,32,000 to Rs. 1,56,000. The existing allotments were fixed as far back as the year 1911-12 after very careful examination at the time by the Finance Department. Recently the accounts have been examined by an officer deputed by the Finance Department and that officer has certified that as might have been expected that owing to the great rise in the price of articles since the year 1911-12 the existing provision is insufficient to cover the necessary expenditure. I regret that it was not possible to give earlier intimation of the change of figures. But the examination of the accounts has only just been completed.

PROVISION FOR EXECUTIVE COUNCILS.

Mr. B. Venkatapatiraju: Sir, the Resolution, which I propose to move now runs as follows:

'That the provision of Rs. 60,000 under the head of 'Executive Councils' on page 60 be omitted'

Perhaps, to avoid misapprehension, I may say at once that this is not a motion intended to cast any slur upon any of the Executive Council Members, because they are all true and good men and they are trying to do their level best. Nor have I any particular object in depriving them of their tour allowances or hill allowances or other allowances amounting to Rs. 60,000. My object, Sir, is this. It is known that Sir George Barnes is leaving this place before the end of this month, and there will then be only 6 Executive Councillors. Sir, I am not asking for the reduction of the salary provided for 7 Members, for we cannot do it. My only point is, when there are only 6 Members, why should they provide for 7 Members? Therefore, I have taken an opportunity of asking Government to cut down the travelling allowances so that we might know why they have provided for 7 when there are only 6. Besides, Sir, we know from the Joint Committee Report, that whenever they want to increase the number of Members hereafter, there will be an increase of Indian Members. There are now 3 Civilian Members, and any additional Member should be an Indian Member. Therefore, I want to know what the object of the Government was in providing this extra sum. We have not heard it said anywhere else that a successor is being appointed in place of Sir George Barnes. With that object in view, Sir, I raise this point in order that Government may have an opportunity of expressing their opinion.

The Honourable Sir William Vincent: Sir, the Honourable Member began in a very considerate spirit. He said: 'Don't throw stones at the musicians. They are doing their best'. And I am grateful to him even for that consideration. The actual proposal before

the Council is that Rs. 60,000 should be reduced from the travelling allowances granted to Members of Council. The effect of accepting that of course would be that there will be no provision at all for Honourable Members' tours. I think that some of us might welcome such a state of affairs. I am sure, the Honourable the Finance Member would often be very glad to be spared constant journeys in the hot weather. But the fact is, that constant complaints are made that we Members of Council do not go round enough to the large centres of commerce and do not keep ourselves sufficiently in touch with Calcutta, Bombay and Madras—that we remain on the Olympian heights too long. I fear it would not be in accordance with the wishes of this Assembly that Members of the Executive Council should abandon all touring and spend their time half the year in Simla and half the year at Delhi, never moving at all.

The only reason given by the Honourable Member was the suggestion that the number of the Members of Council was being reduced, and there was some reference also to Indian Members being appointed. I can assure this Assembly that when he goes on tour, my Honourable friend, Mr. Shafi, costs exactly the same as I do. There is no racial discrimination at all. Nothing of the kind. We do not draw any travelling allowance. Our railway accommodation alone is paid for. The Honourable Member also said that there are three Civilian Members. That is an error. There are only two Members of the Indian Civil Service in the Executive Council. But the real fact is, that you cannot reduce this vote unless you wish to curtail the tours of Members of the Executive Council, and I am quite sure, that Honourable Members of this Assembly will feel that if possible they ought to travel freely and more often than they do at present. Finally, I may say that I am informed that there is no present intention of filling Sir George Barnes' place by a new Member.

The Honourable the President: The question is that the reduction* be made.

The motion was negatived.

INSPECTOR OF OFFICE PROCEDURE.

Rai J. N. Majumdar Bahadur: Sir, I propose :

'That the item 'Inspector of Office Procedure—Rs. 27,450' on page 64 be omitted.'

Sir, the Imperial Secretariat has a host of officers beginning from the Ministers or Members down to the clerks. You have got Executive Council Members, then you have got Secretaries—highly paid officers at Rs. 4,000 a month—then Deputy Secretaries on Rs. 2,500, then Under Secretaries, then Registrars, Superintendents, and Clerks. Thus we have already a host of officers in the Secretariat, and one fails to understand why a new post should be created. I find, Sir, that his salary is Rs. 2,560 rising to Rs. 2,500. I do not know how a progressive scale can rise from Rs. 2,560 to Rs. 2,500. However, there is that figure. Of course, I think some new procedure has already been introduced by the higher figures rising to lower figures. It matters not. I think that is a mistake. I believe, these high officials are as efficient as any officers in any other Secretariat and have been managing office procedure from time immemorial since the Government of India was created. I do not see why therefore all of a sudden it should be said that they are all incompetent and that they are unable to manage their own office procedure. I do not think my Honourable friend, the Home Member, will say that he has all of a sudden, in his old days, become ignorant of office procedure. Nor do I believe that his Secretaries, Deputy Secretaries and Under Secretaries have all of a sudden become ignorant of office procedure as soon as they have come from Calcutta to Delhi. I think there is nothing particular in the climate of Delhi which makes efficient men inefficient as soon as they come here. I submit, Sir, that this post is wholly redundant. There is no necessity for it. I do not know what is meant by 'office procedure,' whether that officer is going to suggest that some small tables—my learned friend here says that that is perhaps what is done—should be provided and that they will save space; and that means saving the cost of buildings which will run into lakhs. Is he going to recommend some reduction of some superfluous clerks? I think these are things which the Finance Member, the Secretary, the Deputy Secretary, Assistant Secretaries, Registrars, Superintendents are competent to do. I have nothing to do with the person who fills the office. I do not know him, I have not heard his name. What I am concerned with is, why these posts should be multiplied, to the great disadvantages of the taxpayer who has to pay the piper, and if he has to pay the piper he must call for the tune. What is this new office procedure that he is going to introduce in the Secretariat?

Then, Sir, I am also in rather a fix, because I find that he has been translated into what I should say, 'the heaven of the untouchables', not in the sense that my Honourable friend, Mr. Rangachariar, from the Madras side, used it, but I say, he is enshrined in the 'Holy of the Holies', *Sanctum sanctorum*, non-votable. We cannot approach it, we poor mortals cannot vote for his salary. He has been entered as non-votable. Who is responsible for this mistake? Whose is the fluke which was responsible for putting this post into the safe pocket of the Secretariat billiard table, so that we cannot hit it? I want to know why this post has been put down as non-votable. I submit, Sir, this is rather queer. I am not going to inquire into the antecedents of the officer.

The Honourable Mr. W. M. Hailey: I am responsible. It is a misprint, and the officer is votable.

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* *Vide* pre-page and above.

Rai J. N. Majumdar Bahadur: I am sorry for the Honourable Finance Member that he was mistaken, and I really sympathise with him, that such an important thing should not only escape his notice, but escape even the notice of the Inspector of the Office Procedure.

This post, if the House will kindly excuse me, reminds me of the story of a Killer of King's Rats. In days of yore, there was a King whose name was Habla Chandra, that is, Dull Moon, and he had a Minister named Subudhisuraj, *i.e.*, a 'super-intelligent sun.' In those days, they were all sun or moon or descendants of sun and moon. There was no human being in those days. So, the super-intelligent Minister, in his heated imagination, thought that the King's interest would be promoted by the employment of a 'Killer of King's Rats.' He thought that there were Dacca Muslins, Murshidabad Silks and Kashmir Shawls which might be destroyed by the rats, and that the rats might also attract serpents; further, that the King's personal safety might be jeopardised, and that the rats might also bring in what is called 'plague.' So he proposed a special appointment, named, 'Killer of King's Rats.' There was the Lord Chamberlain, there was the household establishment, and there was a host of domestic servants to look about the rats. I do not want to point out to this House who the King Habla Chandra, that is, King Dull Moon, is, and who the Minister Subudhisuraj, that is, the super-intelligent Minister is in the parable. I shall only say, that this multiplication of offices should be avoided to save the taxpayer from further taxation. I find that 'an officer of suitable experience and standing should be appointed Inspector of Office Procedure and that the post should be either a permanent one, or should continue at least for ten years,' has been recommended by a Committee and a suitable officer, by some fluke I believe, was transferred from the billiard table of the Calcutta High Court to the safe pocket of the billiard table of the Imperial Secretariat. What have judicial procedure or judicial records to do with the office procedure of the Secretariat? The Honourable the Home Member is an expert in judicial procedure and also in Secretariat procedure, because he has adorned the High Court of Calcutta also and he knows that the sheristadar of a District Judge's Court is, perhaps, a better master of office procedure than even many Chief Justices of High Courts. Therefore, why should the Government not have appointed a sheristadar of a District Judge's Court? Why should the claims of all the Secretariat officers who have devoted their whole lives to office procedure be overlooked, and a new man be brought from the Calcutta High Court to fill this post? I believe, that was another fluke. I do not wish to enter into the question as to whose fluke it was, but that, however, I maintain, was a fluke. I do not wish to inquire whether this man had special experience of any merchant's office, or the office of Rice Controller or a typewriting agency or any other office? So far as I know, merchants keep their records in an altogether different way to the Secretariats. I have nothing to do with the man personally. I am concerned with the office, with this redundant office and it should not be further entertained here.

Mr. S. P. O'Donnell: Sir, the appointment, to which Rai J. N. Majumdar Bahadar has taken objection, was made on the recommendation to the Government of India of the Secretariat Procedure Committee. That Committee made a very careful and detailed examination of the procedure in the Government of India offices, and they found that this procedure which had gradually grown up in course of time was defective in many respects and that it required simplification and modification in order to bring it up to date and adjust it to modern conditions. They recommended accordingly a series of detailed changes in procedure. I need not trouble the Assembly with their detailed recommendations. They are concerned with technical matters and are all set out in a Resolution which was published a short time ago. I notice, however, that the Honourable Member who moved this Resolution made no attempt to show that the recommendations of the Committee were in any way wrong. That perhaps was natural, because he opened his speech by saying that he had no knowledge of office procedure. The Committee, however, in making these recommendations regarding changes in procedure made one stipulation. They said that the full benefits of this new procedure would not be secured unless provision was made for the appointment of an officer specially charged with supervising office procedure and ensuring its progressive improvement and adaptation to changing conditions. Well, Sir, the Government of India accepted that recommendation and appointed Mr. Watson. I have no quarrel with the Honourable Member because he has come to a different conclusion from that of the Committee. But I should like to point out that this Committee was an exceptionally competent Committee. It was presided over by Sir Llewelyn Smith, who had had an unrivalled experience of office work in England, and it contained a number of other members who had also great experience of the working of Secretariats in this country and of commercial offices also, and I venture to suggest to the House that the recommendations of a body of that kind, a body which made a careful and detailed investigation of existing methods are not lightly to be set aside.

It is true that the procedure recommended by the Secretariat Committee has not yet been introduced, to any very great extent. That is due to purely temporary causes. It is due in part to the lack of mechanical appliances such as card indexes. It is due also to the fact that the Inspector of Office Procedure has been engaged on other duties in connection with the reorganisation of certain Departments of the Government of India and we have already had ample proof that in Mr. Watson we have secured the right man for the post, because the economies which he has already effected in the Departments which he has been reorganising, amount, I believe, to over 5 lakhs of recurring expenditure. I think that any business firm would agree that an appointment of this kind, an appointment on Rs. 2,250 a month, which

had already in a few months secured economies to the extent I have mentioned, was a very sound business proposition.

Sir, this appointment has been challenged on the ground of economy, but the whole object of our proposal is simply economy. If we had done as the Honourable Member, I suppose, would have desired us to do, if we had simply introduced the new procedure and made no arrangements for having this procedure continuously overhauled and adjusted to modern conditions, we should have made precisely the same mistake as was made in the past. The procedure would have become stereotyped, mechanical, dilatory and wasteful. The result would have been not economy but extravagance. I think that in a matter of this kind all Government offices would do well to take a leaf out of the book of America. In that country continuous efforts are made to adjust methods and systems of work to modern conditions, because the acute business man in that country realises that improvements in method mean a saving of time and saving of time means saving of money. The truth that time is money is just as applicable to Government work as it is to the work in commercial offices. It stands to reason that if the procedure in an office is dilatory, if it involves an unnecessary number of references, if it is cumbrous and out of date, the result is not economy but waste of money.

Mr. Wali Mohamed Hussanally : May I inquire whether the post of Inspector of Office Procedure is temporary or permanent or if temporary for how long ?

The Honourable Sir William Vincent : It is on a permanent basis.

Mr. Eardley Norton: I hope the House will reject this amendment. The main offence which the Inspector in question seems to have given my Honourable friend, the Mover, is apparently that the latter has never heard of Mr. Watson before. I think the House will generally agree with me that there are many men of respectability and virtue whose names have not yet reached the ears of my Honourable friend from Jessore and it is possible, I do not suggest by way of imputation, that the officer in question may have had to overhaul, much to the discomfort of the Honourable gentlemen, some of his own office procedure in that somewhat remote township whence he comes. I speak with some little knowledge on this point, because I have seen the work of the Inspector in question in Bengal, and from what I know of him, he is an able, willing and efficient official, and I am ready, as well as glad, to testify that his work has resulted in great economy in Bengal. I believe his transfer from Bengal to the Imperial Government will result, as we are assured it has already resulted, in equal economy. The only doubt I had upon this point was whether the officer in question, who is no doubt a heavy man in more ways than one, pulls his full weight. As we have got an assurance that he does this, I think it would be improper for us to reject the certificate given to him both by his own past work and by those who are competent to appraise his services the present and the future, and, from that point of view, I ask this House to reject this amendment.

Mr. B. Venkatapatiraju: After the eloquent speech made by my Honourable friend, Mr. Norton, I think it necessary that I should rise to say a few words, because the Committee proposed that the appointment of an Inspector of Office Procedure should, as soon as possible, after the introduction of the reformed procedure in the Civil Secretariats, be taken into consideration.

Now we see in the Budget there are several appointments of Under Secretaries which, according to the recommendations of the Committee, should have been abolished. That has not been done. It was also suggested that the posts of Registrars should be abolished. They have given the concession to the present incumbents that they might be allowed to continue. If the post is useless according to the Committee's recommendation, why should you not employ the Registrars elsewhere. Sir, on this question, I think the Government might do well to adopt all the proposals which go to economise the administration and not add up the figure just wherever they want to add, without effecting reductions wherever the Committee suggested that reduction should be made. I, therefore, suggest that Government might do something in the matter of reducing posts which were recommended by the Committee for abolition, before they add up. The Committee say, that the present post must be filled only after the reformed procedure is adopted.

Mr. Sambanda Mudaliar : Before I open my mind upon this Resolution I would like to premise at the outset that my observations should not be misconstrued as being said in support of the motion, but that whatever I say, is prompted by the desire to elicit information from Government. Now, if my information is correct, and I hope it is, I understand that when Lord Curzon was Viceroy, he made some rules to simplify the Secretariat procedure. I want the Government to throw some light on the question as to whether this is a fact.

The Honourable Sir William Vincent : It is a fact that such rules were made in Lord Curzon's time.

Mr. Sambanda Mudaliar : If it is a fact, that Lord Curzon made some rules with a view to simplify the Secretariat procedure and if those rules are in vogue now and if they are useful, then I do not understand the necessity or justification for the continuance of the appointment of this officer. Another argument, I would mention, is this, namely, that in the Local Governments, we do not see any appointment of this sort. I think, therefore, it is quite unnecessary for this Council to sanction the appointment unless the Government adduces some convincing reasons as to the utility of continuing this office.

The Honourable Sir William Vincent: Sir, my excuse for intervening in this debate is that I am largely responsible for recommending Mr. Watson for this post. I have had previous experience of his work in Bihar. I was a Judge at that time and I know that Mr. Watson, by his intimate knowledge of office work and procedure, was able to save Government both initial and recurring expenditure in my office. He has been of the greatest assistance to me personally on more occasions than one and I know other officers have found him equally helpful. The last speaker told us that no other Local Government employs an officer of this kind. Well, I may say, that Bengal and Bihar Governments did do so, and, as a matter of fact, it was with the greatest difficulty at one time that we secured the services of Mr. Watson, because the Bombay Government were anxious to secure his services to examine their Secretariat office system. The Government of India have constantly been accused of being wooden and antidiluvian in their methods and the Secretary of State himself, in his pre-official days, did not spare us in this matter. He it was who recommended the appointment of this committee in the hope that we may bring our methods more up to date and we have now done the best we can in this direction in accordance with the recommendations of that committee which was presided over by a man of very great reputation throughout Great Britain, Sir Llewelyn Smith. I think he was in the Board of Trade for many years and he really is an expert at this work. That Committee also included one or two business men.

There is another aspect of this case which I want to touch and that is the extreme value of Mr. Watson's services in the selection of men for appointment as Assistants in the Secretariat. I do not think that Members of this Assembly can appreciate our difficulties in this matter. I have been a Secretary myself and I know them and the great danger there is of constant nepotism, of one family getting into an office and bringing in all its relations one after another. That has been a constant cause of trouble. We on the other hand want to get the best men and we believe that by having an Inspector of Office Procedure, who is also Chairman of the Staff Selection Board at the present moment, we have been able to secure that every candidate now gets what my friend, Dr. Gour, called the other day 'a fair field and no favour'. I have not the time, and no Secretary in the Government of India has the time, when there is a vacancy in his office to make the selection with the same care as is exercised by a regular Board and we believe that in this way we have secured a very fair method of obtaining the best candidates for our work.

Further, new methods of doing office work are constantly being invented and I am sure, that every merchant from Bombay and the other side of India is ready to adopt them and use them for his own purpose. We, in the Government of India, are, I think, rather slow in taking up new ideas and it is advisable that we should be encouraged to do so by the advice of a practical expert. And Mr. Watson really is an expert on this matter. I may say this myself, and I am quite sure, that my Honourable Colleague, Mr. Hailey, will support me in this. As to saving money, I may say I worked with the Honourable Mr. Hailey in connection with the question of reduction of establishment in the Army Headquarters. We were able there, with Mr. Watson's advice and help, to recommend to the Honourable Army Member a very large reduction indeed of staff, to which he gave effect, thus saving the State large sums of money.

In these circumstances, I believe, if this Assembly rejects this vote, they will really be doing a disservice to economy.

Babu K. C. Neogy: Sir, I think it was I who first of all drew the attention of this House to this camouflaged item in the demands and I expected, that in reply to my Budget speech, Government would have had something to say in explanation as to how this item appeared in italics—privileged italics as I may call it. However, the only reference which the Honourable the Finance Member made to this question was that he was surprised that a Member from Bengal should have questioned the utility and ability of the officer selected for this appointment. I have no desire to enter into any disagreeable details of a personal nature, but I think, after what has fallen from several Members to-day, I may as well tell this House that it is because I come from Bengal that I happen to know something about the antecedents of this officer and how he began his career in Bengal. Without going into further details I may say, that I do not at all agree with Mr. Norton in what he has said about the merits of the changes that have been introduced on the recommendation of this officer. To my information, the Government of Bengal, the High Court of Calcutta and the Government of Bihar and Orissa, where also this officer was employed for some time, have not adhered to the changes that were introduced on his recommendation, and, when he was found there to be altogether redundant, he was dumped on the Government of India.

Sir, it has been claimed that this officer has been instrumental in effecting great economy. I think the Honourable Mr. Hailey on the 8th of March put the amount of economy effected by this officer at 2½ lakhs and in these three days the amount of economy has gone up to five lakhs.

The Honourable Mr. W. M. Hailey: I rise for a personal explanation as the Honourable Member is quoting a statement of mine. I said 'in one Department'.

Babu K. C. Neogy: In one Department! Well, I thought the Finance Department kept itself informed about the economies effected in all the Departments. However, when this question of economy has been raised, I say it was not for the purpose of effecting economy that the appointment of such an officer was recommended by the Llewelyn-Smith Committee.

The Llewelyn-Smith Committee recommended the appointment of such an officer because they thought that a fair trial should be given to the scheme that was adumbrated in their report. It was not for the purpose of effecting economy that that suggestion was made, and I should have thought that the Finance Department was competent enough for the purpose of suggesting economy to the different administrative departments.

Now, Sir, I put some questions with regard to this officer and in reply it was stated by Mr. O'Donnell, that owing to various circumstances a trial to the procedure recommended by the Llewelyn-Smith Committee had not yet been given, but 'Mr. Watson has, however, been very fully employed in examining and reporting on the organisation of certain Departments of the Government of India and of certain attached offices and has already effected economies in the recurring expenditure of these offices which amount to sums many times in excess of his annual salary'. We want more specific details, and I challenge Government to appoint a committee of non-official Members of this House to go into the marvellous work that this officer is alleged to have accomplished in this short period of time. Mr. O'Donnell, I believe, did not quite realise the effect of his argument when he stated that this officer has been instrumental in rescuing us from a course of extravagance to which we have been committed so long. I cannot conceive of a greater self-condemnation than this. If that is so, I tell you, that we can have no confidence in the Government. Let us look into the whole thing and find out how you have been extravagantly spending our money in this matter of the Secretariat establishment so long.

A good deal has been said about Sir Llewelyn-Smith's qualifications. It is said, 'Oh! he was in the Board of Trade'. That does not very much matter. Sir Llewelyn-Smith may be the greatest expert going, but the question is, did Sir Llewelyn-Smith recommend this particular officer for the appointment?

The Honourable Mr. W. M. Hailey (and others): Yes.

Babu K. C. Neogy: He did! Well, if so, I stand corrected. But we forget that he was himself a Member of that Committee.

Reference has also been made to this officer's work in connection with the Staff Selection Board. I am prepared to admit that Government have done all that they could do to manufacture some work for this officer.

Mr. H. E. Spry: Sir, my intervention in this debate is caused by the speech to which we have just listened. I have a great suspicion that my friend, Babu K. C. Neogy, has as little knowledge of office procedure as my friend, the Rai Bahadur from Jessore. Mr. Neogy has introduced, it seems to me, a somewhat personal element into this debate in that not only does he object to the post which is under discussion, but he objects also to Mr. Watson being its incumbent, and, if I understood him aright, he went so far as to say that he was in a position, apparently from his own personal knowledge, to say that Mr. Watson's work in Bengal was either not satisfactory at all or, at any rate, was not so satisfactory as to justify him being dumped on the Government of India. The picture of the Government of Bengal dumping anything on the Government of India is refreshingly new to me. But, on the point that I am discussing, the fitness of Mr. Watson for this post and the character of Mr. Watson's work in Bengal, I am prepared to join issue with Mr. Neogy at once. And I emphatically deny that, as he says, Mr. Watson's work in Bengal was not satisfactory and that it did not result in considerable economies. I know from my own personal experience that it was both satisfactory and did result in very considerable economies.

Mr. Manmohandas Ramji: May I rise to a point of order? We are not discussing the personality of a certain officer. The question before us is one of principle.

The Honourable the President: Order, order, Mr. Spry.

Mr. H. E. Spry: The work of this officer in Bengal resulted in material economies, not only in the High Court but also in the Secretariat; and I hope the House will take it from me that Mr. Neogy's statement in respect of Mr. Watson's fitness for this post is misleading.

Mr. S. C. Shahani: Sir, I rise to protest against this manner of criticism. It is only fair that Mr. Neogy should come out with the antecedents of the officer in question to which he has referred. Insinuations would not do credit to anybody. The point under consideration is whether or not we should improve the office procedure, which has been recognised to be somewhat antidiluvian. The Government has sought to improve its office procedure. I fail to understand how Mr. Neogy argues that the Government of India is on that account not fit to enjoy the confidence of this House. I should be ashamed to make insinuations against the Government with regard to any proposal that comes before us.

Munshi Iswar Saran: Sir, I am afraid some of us have fallen into an error in taking up the question, whether this particular gentleman who has been appointed by the Government of India is a fit and proper person to hold this post or not. My submission is, that our function in this Assembly is to discuss questions of principle, and only in grave and serious cases should we sit in judgment on the conduct or qualifications of individual officers. For aught I know to the contrary, this gentleman, Mr. Watson, may be a very good man for the post that he has been given, and I am really sorry that in his zeal, my Honourable friend,

Mr. Neogy, has permitted himself to say things which I am perfectly certain he will regret in his calmer moments.

Sir, I entirely agreed with the Honourable Sir William Vincent when he referred to the Government of India and its characterisation by Mr. Montagu before he became Secretary of State. I do not wish, Sir, to repeat those most elegant, choice, and just expressions that were used by Mr. Montagu. Everybody here remembers them, and having that characterisation in view I do not think many of us will be tempted to disagree with the Honourable Sir William Vincent that an officer like the one we are discussing now is needed to make the work of the Government of India a little more expeditious, systematic, modern and up to date. But there is one thing, Sir, which I am afraid I have not been able to understand. I find that constant appeals are made to us by the gentlemen who occupy the Government benches to look at things from a business point of view. Well, in commercial concerns you get a man to overhaul your entire machinery, and I suppose, after the overhauling is done, you ask the man to go. His work is finished. The post is only temporary and is not made permanent. I listened to the speeches of the Honourable Sir William Vincent and Mr. O'Donnell, and I am afraid—I speak with diffidence—I did not feel convinced that this post should be made permanent. As regards the temporary appointment of an officer to set right the procedure of the Government of India, I can understand that; but I do not understand, Sir, I confess candidly, why this gentleman should be made permanent. Let him look into the work; let him set it right, and let this post be abolished after that. With the particular officer who fills the post we, as Members of this Assembly, are not concerned. But I submit that as long as a more satisfactory explanation is not given by either the Honourable Sir William Vincent or Mr. O'Donnell, I am afraid I must stick to my opinion that the post is needed but that it is needed only temporarily.

Mr. E. L. Price: Sir, I suggest that an answer to the Honourable Member's question is very easy. When there shall appear in the world a private business as large as the business of the Government of India, I am perfectly certain then, that a business of that size will require a permanent and not a temporary officer of this kind.

Sir L. P. Watson: Sir, I am not connected with any business, so large as the Government of India, but I happen to be associated with a fairly large business, and we have found it necessary to engage an officer permanently to supervise and keep our accounts system up to date. He was employed by the Government of India. The Government of India, in my opinion, did not recognise his value. But at any rate when he came to us, he received Rs. 400 more a month than he was getting from Government and it is our intention to keep him in the business with which I am connected as long as he cares to stay with us.

The Honourable Mr. W. M. Hailey: Sir, I feel after what Mr. Iswar Saran has said, and very rightly said, that we also on this side of the House ought to treat this discussion as relating to an appointment, and not to a person. I should, I must say, have welcomed an opportunity for repudiating those personal charges which Mr. Neogy has brought against the officer in question. I should have welcomed an opportunity of proving, what I will now only deny, that this officer was dumped on the Government of India. So much I must say, because the charge is a stigma on all of us. I should again have been glad to take the opportunity of disproving what I can now only repudiate with scorn, the suggestion that we have purposely manufactured work for him. We are sometimes charged with being knaves, but I have always found in my experience of this world that it is unsafe to charge a person with being at the same time both a knave and a fool. Yet this is what the charge amounts to.

Now I pass from the question as to the merits of the officer himself to the general charge against Government, the charge that we have been guilty of gross extravagance in appointing a staff in which so many reductions were subsequently found necessary by this officer. That we have effected these reductions is true. We can certify the fact that very considerable reductions in establishments have been made owing to the creation of this post of Inspector of Office Procedure. When my Honourable friend, Mr. Neogy, demands that a committee should be appointed to examine into the truth of the statement we have made on the subject, I say, that he insults us. Does he suppose we come down to this House—we who have been responsible for years for the executive government of this country—that we come down here and tell a deliberate untruth? However, if the House so desires, I am perfectly willing to put the facts before the Standing Committee.

(Cries of 'No, No'.)

Well, at all events let me explain the facts about the reductions referred to. During the war large numbers of temporary establishment were added to the Secretariat; and necessarily so, for in very many branches the work had largely increased. When the war came to an end, it became a question between the Finance Department and the various Departments in which these temporary hands were employed as to how many of them were needed and how many could be dispensed with. It is then that you need an expert who can go into the office, to sit there, to go through its daily tale of receipts and issues and give you advice which because it is expert you can accept without further question, as to what reductions can be made. It is in consequence of such an inquiry that reductions have now been made. And if reductions of this class have been made, so far from our being charged with gross extravagance we ought to be complimented on a due sense of economy and responsibility towards the public finances.

Now, Sir, I desire, at the expense of detaining the House still further, to refer briefly to the work of the Llewelyn-Smith Committee. I was a member of that committee, and I beg, that my Honourable friends here will not attempt to throw further doubt on the selection of Sir Llewelyn-Smith as chairman of this inquiry. He was a man of unique capacity for it. It was Sir Llewelyn-Smith's constant advice frequently expressed to us, that the hard work that we had put in as members of the Secretariat Procedure Committee should not be allowed to be wasted. It is, I am afraid, a not unusual habit with Governments to appoint an expensive and expert committee and then either to delay giving effect to their recommendations or even to allow their recommendations to be pigeon-holed. I have often heard it alleged that we are in the habit of consulting a very expensive physician and then fail to send the prescription to the chemist. His recommendation was that if possible an officer should be appointed to continually supervise the routine work of our offices at the point it was being done, a thing which no officer otherwise busily engaged can find time to do, that he should see to the introduction of the card index system, that he should see to the introduction of a revised system of printing up our notes, that he should see to innumerable other steps which were recommended by that committee in order to expedite work and to save money. Unless an officer is continually engaged on this work, the new system would lapse back into the old. It is perfectly true, as Mr. Iswar Saran says, that that appointment has been made permanent, though I may remind him that the officer in question cannot hope for a permanent life; but we are discussing the Budget of the present year, and if at any time this House considers that the work has been finished and that the Inspector is no longer necessary, it is always possible for the House to cut the post out of the Budget. If the House wishes to decide at any time whether the continuance of the post is required or not, I need not say that we should welcome the visit of any Member of this Assembly to see the work that is being done and judge of its necessity or otherwise.

But there is a larger question, Sir, and again I apologise, Sir, for detaining the House in order to explain what appears to me to be the main purport of the Llewelyn-Smith Committee. It was this: We have had for a long time here in the Government of India Secretariat a highly-devoted body of ministerial officers to whose work we are all under the very greatest obligation, to whose sense of loyalty and of devotion I myself cannot express sufficient gratitude. But, Sir, that body of men had not always been judiciously chosen, and the first point that we had to arrange for was the selection of new recruits in such a manner that its upper grades should be of practically the same class and the same capacity as the Provincial Civil Services. This was necessary if, as we intended, our Secretariat Staff should gradually take the place of many of the superior and more highly-paid officers who now come to us from the Provinces; not only would this be an economy, but we always expect to find officers coming up from the provinces to serve in the Government of India since in the future the provinces, with their own increase of work, are not likely to let them go. We want to train our ministerial staff in a way that they shall be able to take all the routine work and much also of our more responsible work off our hands; there is no reason why our ministerial staff should not take the place of our Under Secretaries and in time of our Deputy Secretaries. That is my own belief, and that is what we put forward in the Llewelyn-Smith Committee. Now, if you are to have that, you need first of all a selection committee, such as was recommended by Sir Llewelyn-Smith, a body which could choose your staff from all over India and not from a single centre only, which can choose it, as the Honourable Sir William Vincent said, with impartiality and with an expert knowledge. Then, having improved the class and capacity of the staff we need to re-organise the office work so that the purely routine work can be done by purely routine hands, and the upper office staff left to develop that sense of responsibility and independence which is essential if they are subsequently to take up the higher grades of work. That was our aim, Sir, and I have detained the House in order to justify our claim, that it is absolutely necessary, if you utilise this expensive body of men—for they are now expensive—to the best advantage, you must have a proper office procedure that will set them free from purely routine work and drudgery and let them exercise their brains, in the right direction. Sir, in justification of my belief that this office staff properly handled, and given proper responsibility, can eventually take a far larger share of work off our hands, I can only refer to my personal experience of some members of that staff. I have in mind now an officer who began on, I think, on a low scale of pay in one of our offices. He has passed through a brilliant career in almost every branch of our accounts office; he has been Accountant General; he has been the confidential adviser of the railways in regard to the reorganisation of their own staffs. As a matter of fact, his services have now been asked for by a company—mind you, a commercial undertaking—on a sum of Rs. 3,500 a month to reorganise and revise their office staffs and their working. I have in mind another officer who came to us as Assistant Secretary, who is now filling a very high post in the Government of India. I have in mind yet another officer who was never, it is true, a ministerial officer, but who was an Assistant Secretary in our department—and it is the class of efficient Assistant Secretaries which we wish to create in the first place by this re-organisation—of whom it is only necessary to say that he has for some time been the guide, philosopher and friend of our department and is now a Member of this Assembly.

Rai J. N. Majumdar Bahadur: Sir, I am very sorry that personal topics have been introduced in a matter which had nothing to do with any particular person. The whole of my motion was, that the post of Inspector of Office Procedure should be abolished as being not necessary, and I do not know why any of my Honourable friends on the Government side

should have introduced the personality of the officer who has been appointed to this post. I think it was that which gave rise to the discussion on the merits of the particular person. I am utterly ignorant of the present incumbent of that post; I do not remember even to have seen him at all. He may be a very good officer, or he may be a very bad officer; that has nothing to do with the case at all; but from the testimonials that have been already given to him by my Honourable friend, Sir William Vincent, I am quite sure, that he is quite fit for the post to which he has been appointed, and I think in fact he deserves something higher and that he should one day aspire to higher posts. I have nothing to say to that. My point is, why should this new office be created at all? That is my point. My Honourable friend, the Finance Minister, of course, had something to say against my Honourable friend, Mr. Neogy, on account of the introduction of personalities; but I think he is himself to blame to a certain extent on account of bringing up personalities in reply to the discussion of the Budget on this point to Mr. Neogy. He said, that the officer was an excellent officer and that any one from Bengal should not question the ability of that officer. I think that was a challenge offered to some of the people from Bengal who knew that officer to say what they thought about him; and, therefore, after inviting that challenge I do not think my Honourable friend, the Finance Member, has acted in a very wise or calm or cool manner, as he should have done; he should not have been so irate against an Honourable Member who only accepted his challenge. My blood, Sir, is cold like that of a fish in water; and I do not seek to rouse the indignation of this House or ask them to be indignant against the Honourable the Finance Member or against my friend, Mr. Neogy. What I say is this: Leave aside this question of personalities. The estimable gentleman who has been appointed to this post may be a very good officer, and I hope and I pray to God that one day he may become a Finance Member or even Prime Minister of England. But that has nothing to do with me. What I say is, that in every Department you have Secretaries enjoying Rs. 4,000 a month. My Honourable friend, Sir William Vincent, says, that he himself has been a Secretary and that he knows the difficulties of the office. But all that difficulty has been there all these years and it has not been necessary to create this post. It was a war difficulty. During the time of the war some new offices were created and I think that my Honourable friend, the Finance Member, as well as my Honourable friend, the Home Member, whom I have known for many years, have brains enough to see that such posts as were no longer required after the war should be abolished.

It was not necessary to appoint a new man for the purpose of abolishing new posts in the ministerial establishment or for the purpose of examining what the needs of the various Departments are. If the Secretaries are too busy,—of course they are all too busy now a days,—they have their Deputy Secretaries, Under Secretaries, Assistant Secretaries, Registrars and Superintendents, all enjoying, I should say, princely salaries, who can as well do the work of this officer as in the past. But, I confess, Sir, with all my eagerness to co-operate with my Honourable friend, the Finance Member, and the Honourable the Home Member, I cannot see my way to support them in their arguments to justify the continuance of this officer's post. I have always tried my best to support the Government, but when I find that the Government is obviously wrong, I certainly cannot see my way to support them. There is no question of the personal element in this matter at all, but there is a great question of principle involved in this. There are so many responsible officers, so many highly educated men in the Government of India who have passed the Indian Civil Service Examination, who have been performing the functions of this newly created officer all these days, and if they are not competent to find out how many hands are required for a permanent Department, I say, it will be pleading guilty to inefficiency. Either the present officers are efficient or they are not. If you say, they are efficient, then certainly they can perform this simple function for which this new post has been created. If you say, they are not efficient, then it requires overhauling.

Well, Sir, I know there is something like a Manual of Office Procedure, a Manual of Practice and Procedure. Is there any such Manual of Office Procedure for the Imperial Secretariat? Let me see, Sir, what that Manual is. Let me know who compiled this Manual, whose duty it was to regulate the office procedure all these years. The Imperial Secretariat has not come into existence from the blue heavens all of a sudden; it has been in existence for many years. Was there any Manual of Office Procedure in this Secretariat all these years or not? If there was any, I should like to know how the Manual of Office Procedure has been found wanting, and in what respects it has been found defective, necessitating the creation of a post on such a high salary. As I said, there are many officers, all enjoying princely salaries, and I should like to know if all these people have been unable to cope with the work which the new incumbent has been called upon to perform. These are questions which everybody feels should be asked, and if they cannot be satisfactorily answered, I think every one in this House, official or non-official, would say that this is a post which has been created without any justification and perhaps by a mistake. Of course, mistakes sometimes do creep in, just as my Honourable friend, the Finance Minister, has committed a mistake in including this post among what is called non-votable items, and I think this mistake too should be rectified at the earliest opportunity. My Honourable friend, the Finance Member, will be frank in this matter, as he always is whenever he commits a mistake and I hope, now that we have pointed out his mistake, he will readily rectify it.

Of course, it has been said, and rightly too, that many new posts had to be created during the great war to cope with increased work in the various Departments, but the war is now over, there is no fear of any invasion anywhere, and so I do not see any reason whatever why we should have this new post now.

The Honourable the Finance Member says with the shrewdness with which he is naturally gifted, that though the appointment has been made permanent, this House can abolish it whenever it thinks that the post is not necessary. Is that a very easy thing to do? Sir, if this post is made a permanent one, we all know how very difficult it will be to abolish it. If, say, after a year we make a suggestion to abolish this post,—I do not know how we could do it,—the Honourable the Finance Minister will come down on us with his thunder and say, 'Oh, you people do not know how to manage offices; we know everything, and you should not interfere'. One of my Honourable friends just now said, that we have no office experience. But, Sir, I have some office experience and I know how very difficult it is to abolish a post when once it is made a permanent one. Therefore, Sir, I rise to the height of my full sense of responsibility, and appeal to all my Colleagues in this House, official as well as non-official, to see that this is a superfluous post, and that the tendency of the Government of India is to be too extravagant, and unless it is checked I do not know what we are coming in for. We are already going to be taxed, and we do not know what sort of future we have before us. Therefore, I say, that though the sum provided for is a small amount, Rs. 27,450, still at this time we should not be extravagant.

Sir Jamsetjee Jeejeebhoy: Sir, I move that the question be now put.

Mr. Wali Mohamed Hussanally: I rise to a point of order, Sir, with your permission. As soon as the Honourable Mr. Hailey sat down, my friend, Mr. Majumdar, rose to speak and he was behind me when I rose at the same time to say a few words, I could not see him. However, before I could say a few words, the President allowed Mr. Majumdar to speak in reply and I have lost my right to speak. Of course, I have given up my right this time, but I want a ruling, Sir, if a Member wishes to speak on the original motion itself, will he not be allowed to do so before the Mover of the original motion rises to reply?

The Honourable the President: The Chair will do everything in its power to preserve the rights of Members who wish to speak. The Honourable Member has chosen a peculiarly unfortunate case to raise a point of that kind.

I would like to point out to the Assembly, that if matters are debated at this length, they will find, at the end of the time allotted, many important subjects remaining for debate and they will, then, no doubt be labouring under a sense of grievance at the exclusion of questions they wish to discuss. I say that now, in order that Members may consider, in the time that remains, which of the various demands are the most important, and, within those demands, which of the motions for reduction are to be regarded as raising questions of substantial merit.

The Honourable the President: The question is that the question be now put.

The motion was adopted.

The Honourable the President: The question is:

'That the item 'Inspector of Office Procedure—Rs. 27,450' on page 64 be omitted.'

The motion was negatived.

Rai J. N. Majumdar Bahadur: Sir, I call for a division.

The Honourable the President: Will those who wish to claim a division on this motion kindly rise in their places.

(Only Rai J. N. Majumdar Bahadur rose.)

The Honourable the President: I would call the attention of the Assembly to the fact that this is a gross instance of a frivolously claimed division.

TEMPORARY SUPERINTENDENTS.

Bhai Man Singh: Sir, the motion which stands in my name is:

'That the provision of Rs. 15,600 for the pay of two temporary Superintendents be reduced by Rs. 7,800 (page 64).'

The Honourable the President: Order, order. The Honourable Member must address the Chair, and will he kindly speak a little louder?

Bhai Man Singh: Sir, a large number of subjects have now been allotted to Provincial Governments. Honourable Members of this House have, even in this short time, on many occasions heard the official replies that such and such subjects concern the Local Governments, and sometimes on very important subjects the Government Members have told the House that the matter is the concern of Local Governments.

The Honourable the President: Which reduction is the Honourable Member moving.

Bhai Man Singh: I am moving No. 3 in to-day's agenda. This being the case Honourable Members can see that the Secretariat staff should be relieved of a lot of work they had formerly to do. With the decrease of work, the staff should naturally be decreased; but we find that absolutely no reduction has been made. On the other hand, we find further on that certain new posts have been created, to which I will refer later on. But the whole

reason of my argument in proposing this reduction, as well as several others, is, that with the decrease of work, when so many subjects have been transferred, there is absolutely no reason why there should be no reduction in the staff. I hope, that Honourable Members of this House will see the reasonableness of my contention which does not need any long argument. With these remarks, I put the motion.

Mr. S. P. O'Donnell: Sir, I should like to point out, to begin with, that the word 'temporary' which appears on page 64 is a mistake. The number of Superintendents which we have in the Home Department at present is 6, and we have had that number since the year 1914. I think any one who realises what the growth of the work of the Department has been will understand that it is quite impossible to make any reduction. So far from it being possible to make a reduction, the only question will be whether it will be possible for the Department to continue to cope with the additional work which will fall upon it owing to the introduction of the reforms. I think every Honourable Member will realise that the creation of the Indian Legislature, the fact that the work of the Departments is now being done in close touch with the representatives of the public, means a very large addition to the work falling on the Departments. That was the view taken by the Joint Committee based, no doubt, on their experience of the working of a constitutional Government in England, and all the experience which we have had at this session tends to confirm that view.

Bhai Man Singh: Sir, the reduction which I have suggested is in the two posts of temporary Superintendents. If we go on repeating all these posts every year, it means that they are no longer temporary. At the time they were introduced, they were temporary posts and I want them reduced by one, which is a very modest request.

The Honourable the President: The question is:

'That the provision of Rs. 15,600 for the pay of two temporary Superintendents be reduced by Rs. 7,800 (page 64).'

The motion was negatived.

Officers on Special Duty.

Bhai Man Singh: The second motion that I propose, Sir, is:

'That the provision of Rs. 18,000 for the salary of two officers on special duty be omitted (page 65).'

I submit, Sir, that I have got in the new Budget the complete staff of one officer on special duty. The total expenditure on this staff comes to Rs. 95,000, or practically a lakh. The pay of the officer on special duty is given in bold type and appears to be non-votable.

The Honourable Sir William Vincent: I shall raise no objection if the Honourable Member includes that item in his amendment. It is down in italics, but I am quite prepared to face the music on it as well.

Bhai Man Singh: Seeing the letters in bold type, I have not in this particular motion included the officer on special duty for whom Rs. 24,000 had been allotted, and further on, I find large amounts for his establishments. As regards the lump provision for establishments, it having been agreed upon amongst ourselves that these lump provisions should be left to the Finance Committee, and the Finance Department having given us an undertaking that they will be spent in consultation with, and with the concurrence of, the Finance Committee, I have not touched these amounts myself. I take objection, really speaking, to all these new establishments being allowed. I cannot understand, Sir, why absolutely no reduction is being made and we are asked to vote more and more and more for quite new officers with their full establishments. I would request this House to be strictly economical and see that while we are going to place on the poor tax-payer such high taxes just now, we exercise the strictest economy and reject these demands.

The Honourable Sir William Vincent: Sir, I should have been quite glad if the vote for Rs. 24,000 to which the Honourable Member referred, had been included in this amendment, but the principle I can illustrate equally well on the vote for Rs. 18,000 as on the other vote.

Now, one of the accusations that is constantly brought against the Government of India as against all bureaucratic Governments is, that it adopts a policy of secrecy. I do not know how often I have been attacked in this Chamber, and in the predecessor of this Chamber, on this very account, and I believe that one of the first symptoms of increasing democratic power is taking the people into your confidence. This is done in every civilised country in the world. In England, the Government takes the greatest care to put forward and publish for the information of general public its views and the reasons for its policy. The new era in this country will be one of Government by discussion. If that is so, surely it necessitates some machinery for the information of the public. For if not, you have that fatal result of an ill-informed public opinion deciding questions of policy without knowing what the facts are. It has been well said by an author of a book I was reading the other day:

'We are just perhaps beginning to realise that half educated opinion is dangerous when brought to bear on public affairs, as also that it is a creative and stabilising influence when it is informed.'

Now, if that is true of an ordinary form of Government how much more true is it of a Government such as the Government of India so far removed from many parts of the country ? Is it not true that sometimes people refer to our Government as a rather great and soulless machine unapproachable, unsympathetic. If so, it is only when Government can get a chance of speaking to the public that the public can gain in regard to our policy the impression that Government is a thinking and feeling entity, which really is working for the public welfare.

Now, as to the functions of these two officers, one is Mr. Bajpai, I am introducing no personal question because as a matter of fact he is admittedly a young Indian of great ability and has worked with conspicuous success. I may mention the fact to show that this is not a racial question at all. Both he and the other officer in subordination to whom he works, are used to inform the public of Government policy, to publish the views of Government for the information of the public on various points. To state what our policy is, explaining what we have done and what we have not done, I believe these efforts at distributing information serve a double purpose for, in addition to giving the public information, it exposes Government to very useful and searching criticism. They explain what we are doing, and the more we are criticised and public opinion differs from us, the more we shall be compelled to modify our views.

Let me take a subject like non-co-operation which is a very pressing danger before the country. Are we not entitled as the Government of this country to use every means we can, to show up the dangers and evils of that movement ? Is it our duty to let this unfortunate country go on to her ruin without even informing the public of the dangers into which it is running ? Take the question of Bolshevism again. Is it not our duty to give the public all the information we have and to take every opportunity we can of informing the public of what the dangers of the movement are ? Is it not fair that the Government policy towards movements of this kind should not be made known to all the people of this country ? That is really what we are seeking to do by the use of these officers employed for the scientific distribution of information. Besides this one officer of the Department, Professor Rushbrook Williams, writes for us the Moral and Material Progress Report, of which many Members of this House have undoubtedly heard, and which has proved a work of the greatest value both here, in Europe and in America. We send it everywhere and it sells like hot cakes. Well, we found that this officer could not do the whole of the work of his Department alone and it was necessary to employ an assistant to help him in the various duties he has to perform. I may say he has to do work for the Army Department, the Finance Department, the Home Department, the Education Department and every other Department; and his services can always be employed in connection with some new projects for forest work or irrigation. He is the channel through which all information about the work of Government can be disseminated. We found that it was quite impossible for him to manage alone and particularly as he often has to go on tour so we were obliged to appoint an assistant, a young Indian gentleman who, I am glad to say, is doing the work extremely well. His appointment covers Rs. 12,000 out of the Rs. 18,000. The odd 6,000 is for an additional officer we may require to employ for six months. This Department of Information—or whatever you like to call it—is doing an immense amount of good and we are very anxious to extend our activities in this direction as much as possible.

I hope I shall have the support of the Assembly over this demand. We have no subsidized newspapers, but we must make efforts to push information regarding the policy of Government to every corner of India, if only to avoid unjust misrepresentation.

Rao Bahadur T. Rangachariar: Sir, I hope I am right in thinking that what the Honourable Sir William Vincent is referring to is the publicity campaign which is being carried on by the Government of India. As a Member of the Madras Publicity Board, I shall not consider that I am doing my duty unless I complain that the provision for publicity under this head is totally inadequate for the purpose.

Sir, if Madras can afford a large provision for publicity purposes, I think they are setting a good example to the Government of India and one which should be copied. Their publicity campaign is not carried on solely by an official of Government but by a very able officer, called Mr. Gwynne, who is an Irishman. He is a very sympathetic Civil Servant and is controlled in his work by the non-official Board of which I have the honour to be a member. The Board consists of about four Europeans, six or seven Hindus, three or four Muhammadans, and one Indian Christian.

One matter which came up before the Board for sanction was regarding the question of the non-co-operation movement. We issued leaflets by the thousand and I can say that Madras can take credit for sending their electors to the polling stations in larger numbers than any other Province.

Meanwhile, we hesitated before we acquainted the public with the dangers of Bolshevism. I well remember a communication coming from Delhi or Simla urging the Madras Publicity officer to carry on a campaign against Bolshevism and we were restrained from teaching the public about the dangers of Bolshevism because we were of the opinion that we should be doing more harm than good, and our view prevailed over that of the Government of India in that connection. We have done useful work, and I can safely say, without infringing any ideas of modesty that we are carrying on campaigns, not only in reference to political matters

but we are dealing with questions of health, industrial questions, and imparting a knowledge of scientific subjects not merely relating to Government policy, but we are imparting useful knowledge to the public generally. We are spending over a lakh of rupees in that direction and if Madras can afford to do that, then, I think, the Government of India should spend even more. Another complaint I have to make is, that I do not know why the Government of India have not followed the practice of Madras and appointed a Board for this purpose. But, if they did, it must be entirely a non-official Board and free from suspicion, because much of the objection to this Department is that it is not controlled by any non-official. If the Government of India constituted a Board like we have in Madras and had, say, a monthly meeting at which everything could be brought up and discussed, then nothing would go on without the knowledge of the Board under whose control the present officers would be, and I think this would be a very useful step in the right direction, and much of the suspicion that is now felt would disappear. If, Sir, such a Board could be established and information sent out to people in different parts of the country in the vernacular, then the Government will have done good work. It is no use merely trusting to your own officers and mistrusting the non-officials.

Mr. Jamnadas Dwarkadas: Sir, I do not want to detain the House on this question more than I can possibly help. I value, Sir, the advice that you were good enough to give to the Assembly to save time so that we may be able to go through all the important business that is before us. But, Sir, I cannot help making a few observations against the motion for reduction that has been made by my Honourable friend, Bhai Man Singh.

I endorse, in doing so, every word that has fallen from my Honourable friend, Mr. Rangachariar, and I join with him in complaining that instead of bringing in a motion for reduction, he did not find it possible to bring in a motion for increasing the allowance that is made to this Department. I want my Honourable friend, Bhai Man Singh, and other Members of the House to remember that the number of voters in the whole country now is I think a little more than 6 millions. It used to be 33 thousand; it is more than six millions now. We are living in times when our representative character in this Assembly and the representative character of the Members of the Provincial Councils is brought into question by those who do not believe in the present Government and who are anxious to destroy the Government altogether. I ask whether, for the purpose of protecting our interests, it is not necessary that we should help Government in scattering correct information among the people, among the voters whose representatives we claim to be and to whom we shall have again to go at the end of three years to render an account of the work that we have done and to claim their vote again for admission into this Assembly? It has been pointed out already, Sir, that ignorance is the worst calamity that can betake the country and, if we did not help this organisation which spreads correct information throughout the country, I think we should be encouraging the work of keeping our masses ignorant and we should not be doing our duty by those whom we claim to represent here.

I claim also to have had some knowledge of this kind of work when I was intimately connected with the work of the Home Rule League, and I assure you, that if we were successful in popularising the Congress League Scheme and in getting a declaration made by the Secretary of State, it was by spreading all the available information in every possible corner of every district in the Bombay Presidency. To-day, the non-co-operators are doing the same thing. They are going round and they are spreading all possible information that they can get, whether it is right or wrong, by means, foul or fair, among every class of people. They are able to approach all classes of the people. We used to accuse the Government of being unable to approach the people and say that they remained at a distance from the people, that they did not take the people into their confidence, and now, when an honest attempt is being made to make the position of Government clear before the people, to lay before the people openly what the policy of Government is in regard to the various important questions, when Government are helping us, representatives of the people, who share the responsibility to a certain extent of the Government with them, in making our own position clear among the people, by making our work known among the people at a time like this, to come out and to ask for a reduction of this grant is, I think, a disservice to the country, a disservice to ourselves, and a disservice to the cause that is dear to us all. I hope this motion for reduction will be rejected.

Mr. Sachchidananda Sinha: Sir, my only justification for intervening in the debate is that I strongly feel that the Assembly will make a great mistake in accepting the motion of Bhai Man Singh. I have taken for some years past a certain amount of interest in the work of the Publicity Bureau, and I have put from time to time questions to elicit information. I am quite satisfied that at the present moment the Publicity Bureau is doing essentially good work, and its abolition or the curtailment of its staff will go a great way in hampering the Government in placing before the country correct and accurate information of which we are so badly in need at present. In ordinary times, Sir, it would have been possible for us to contend that the existence of a Publicity Bureau was superfluous, but we know that at the present moment a very hostile and bitter propaganda is being carried on against the Government, and against those who stand by the Government, in the name of Swaraj and in the name of the attainment of self-Government within this year. There are people in that movement who are sincere and honest and who act within the bounds of propriety. At the same time, a large number of people masquerading under the name of non-co-operators are

indulging all over the country, in writings and speeches, which are not only inflammatory but which are absolutely false in the statements which they make about the Government. It is, therefore, incumbent upon all discriminating supporters of the Government to strengthen the hands of the Government in this matter by asking, if possible, for a larger fund, for the purpose of placing before the public accurate and correct data on which we can form our own opinion. I, therefore, feel that if the motion of Bhai Man Singh is accepted, it will hamper the Government to a large extent. It is not a personal question about Mr. Rushbrook Williams or Mr. Bajpai. It is a principle which is at stake and I hope, therefore, the Assembly will endeavour to persuade Bhai Man Singh to withdraw his motion, but if he persists, that the Assembly will reject it.

Bhai Man Singh : Sir, when I proposed the motion, I had absolutely no data before me as to what purpose the creation of this new post would serve, or what this new Department was made for. Now that I find most of my friends are in favour of having this Department, I have no objection to withdrawing my motion, but I would like to say two things about it before I finish with the subject. One is, that personally I have had some experience of the work of the Publicity Bureau in the Punjab and I might say that I am not in favour of it. Whatever good may have been intended, I think a great deal of harm was done in one form or another, because the facts were not wisely handled and even went to help the prosecution. I can only remark that we are not speaking in our own interests as private individuals but we have come forward as workers for the public. I personally would be the last man to wish even to spend a single pice out of the public funds to clear my position. If my constituents are satisfied that I am justified in standing up before the Assembly or that I am justified in working there or that I have done some service, I am satisfied. We may find many other means for doing it but I would be the last person to provide anything from public funds for the purpose.

With these remarks I beg to withdraw the amendment.

The motion was, by leave of the Assembly, withdrawn.

The Assembly then adjourned for Lunch till Two of the Clock.

The Assembly re-assembled after Lunch at Two of the Clock. The Deputy President was in the Chair.

Visit of an American Lecturer.

Mr. B. S. Kamat: I beg to move, Sir:

'That the provision of Rs. 25,000 for charges in connection with the visit of an American Lecturer be omitted.'

Honourable Members will find this item on page 66, somewhere about the middle of the page, under 'Special Charges'. My object in moving this small omission is to elicit from Government an expression of opinion why it is necessary this year to provide for this visit of an American lecturer, and secondly, to induce them also, if possible, to omit this item entirely. We have seen, Sir, that this year is a year of deficit, and I believe, as we have enough of lecturers in this country, we should be spared the luxury of an American lecturer to come and lecture to us. I wish, therefore, Government will give us some explanation about this item, and also omit it entirely so that the money thus saved may go for some other necessary expenditure.

The Honourable Sir William Vincent: Sir, this is not a matter of the same importance as the last demand. At the same time it is a matter of some moment, and I hope that the Assembly may find themselves able to support Government over the motion which has been made by the Honourable Mover. The real position is this. We have found for many years that the ignorance in America regarding Indian affairs is perfectly abysmal. Mr. O'Donnell told me just now a story of an Indian official who went a few years ago to America and had an interview with a newspaper reporter there, the result of it being a paragraph with a startling headline: 'Interview with an Indian Official. There is a Railway in India. Such a thing exists'. But it is not merely a question of ignorance regarding this country. In recent years a large number of reports, which are injurious to India as a whole, to Indian culture, to Indian education, to Indian intelligence and also—I am interested in that subject—to the Indian Government have been widely disseminated in America by the extremist class of politicians—revolutionary politicians really—which exist there. I have here one or two of the leaflets which I myself have seen. Here is one. Last year, as Honourable Members may remember, proposals were put forward by the Calcutta Improvement Trust to move the Mint from one site to another in Calcutta. This is what was reported in a News Leaflet published in America by the Friends of Freedom for India on this matter:

'Bolshevist revolution breaks out in India. Calcutta, the seat of Government, convulsed by rebellion. British remove Mint to shelter of guns of Fort'.

Now, in any ordinary country, that would not matter. But, as I have said, it is dangerous in America because the ignorance of Indian affairs is so surprising. In the same number, there was another statement that the Government of India, owing to strikes on the Railway, had been unable to transfer its headquarters from Delhi to Simla. This was equally untrue. Still

more damaging perhaps to the status of India is the frequently reiterated assertion that the whole of Indian constitutional aspiration is revolutionary and Bolshevik in tone. I cite here from an article in another paper inspired by the Ghadr party. I suppose all Honourable Members of this Assembly know, and certainly Honourable Members from the Punjab will know, what the Ghadr party is.

'Moderate political leaders throw in their lot with revolutionaries'.

That is, of course, only the heading. Here is another one which I think casts a serious reflection on Hindus. Perhaps many Honourable Members of this Assembly will remember the assassination in very cruel circumstances of Mr. Willoughby last year. It was done by Muhammadan fanatics. But the News Leaflet issued by the Ghadr party describes it thus:

'Hindu Sinn Feiner shoots oppressive English official to eternity'.

This is the kind of thing that is being disseminated throughout the United States where many of the people are absolutely ignorant of any of the facts about India. And following our policy of disseminating both inside and outside India correct information as to what the state of education and intellect of India is, what Indian culture is, what the constitutional position is, what our irrigation policy is, what our Railways have done, what the educational system is, and so on, we thought that we must take some steps to provide facilities to secure that some more accurate information was published in America, and for this reason we invited Dr. Clark, an American lecturer, to visit India, to deliver a course of lectures in Indian Universities, which I think will be very valuable, to study India's conditions, to study Indian culture, to study the whole social and economic position of India on the spot, and then go back to inform the American people, and to spread there accurate information about this country, the greatness of which is entirely unappreciated in America by that people. We believe that this ignorance of Indian affairs is really injurious not only to the Government, but to Indian prestige, and that it is prejudicial to all commercial and social relations, and we desire to remove it. It is of course equally injurious to the Government. Last year I had the opportunity of meeting a very interesting non-official from America at the house of my Honourable Colleague, Mr. Hailey, and I asked him as to whether we need be apprehensive that our work in India was being misrepresented in America. He said that he thought that we need not fear misrepresentation much, but that it was desirable that we should take steps to spread information about this country in America that they might learn to appreciate not only what the Government were doing, but also what the people were doing, and what stage had been reached in political and social progress. For that reason we thought it advisable to take steps to secure this object. Accordingly we in the first place sent a lecturer across to America to lecture at the Harvard University on Indian conditions generally. That is not the subject of this Resolution, but I should like to mention the fact. Further, we invited Dr. Clark, whose lectures attract thousands, as I am informed, to come to India at a cost of Rs. 25,000 in order that he might see for himself what the position here is. We are not going to attempt to influence in any way his opinion. He can appeal to anybody he likes in order to learn the facts. After completing his inquiries he will go back to America and put the information he has gathered before the American people, so that this country may not at least be discredited by the misrepresentations now prevalent. If the Assembly think that it is a waste of money we shall have to give up the proposal, but I myself believe it to be a project likely to be of much benefit to India. We are, however, quite willing to give up this sum if the Assembly think that it is not our duty to spread accurate information of what this country really is in a foreign country where there is abysmal ignorance of the true state of affairs.

Mr. T. V. Seshagiri Ayyar: I admit, Sir, with the Honourable the Home Member, that there is a great deal of misconception about India not only in America, but even in England. I believe it has been said in some of the English papers that the Secretary of State for India is himself ignorant with regard to many matters appertaining to India. But the way in which the Honourable Member is setting about to remove this misconception is very peculiar. If we are going to get a lecturer from America to come to India to lecture first of all to us, and to get first-hand information regarding our habits, our manners, and the mode of government in order that he might go back and inform the American people of what we are and what we do, then we shall be obliged to get a man from Belgium, to get a man from France, to get a man from Germany, to get a man from Japan, China and every other country so that he might come here and know something about our ways and means in this country and then go back to his country and tell his people how we are and what we do in order that the misconception may be removed. I think, Sir, that this is a mode of procedure which is altogether unheard of. First of all, I would suggest to the Honourable the Home Member that he should send somebody to go to England and enlighten the English people regarding ourselves. If he could get the English people to know everything about India, I think the people of America would become much better acquainted with all that is going on here than by getting lecturers from America to come here. I understand that the Honourable the Home Member does not attach much importance to the lecture which Dr. Clark is to deliver. He has not said anything about it. No doubt, the Honourable the Home Member said that he was a very eloquent lecturer who would be able to attract large audiences. I believe you will be able to find a large number of people here who can attract large audiences. The purpose is not to get a person to enlighten us, but to get that man enlightened so that he may go back and spread correct information about India. If once this Assembly commits itself to a procedure like this, there will be no end to

missionaries being invited and sent back with information upon India. This is an incorrect procedure and ought to be discouraged.

Rao Bahadur T. Rangachariar: Sir, what I wanted to say has been said by my friend Mr. Seshagiri Ayyar. But one point which I wish to press upon the Honourable the Home Member is this. How long is this American gentleman going to stay with us, and is he going to be a globe- trotter at our expense and pass from city to city? How many of you English gentlemen know about India—those of you who have been here 20 years, 30 years? I put it to you really, that embarking on such a thing is absolutely useless in my opinion. I am sorry I could not go in great detail into the matter; the time of the Assembly is very precious. I was travelling with an English gentleman the other day who said he had been in Bombay for 30 years, and he asked me coolly whether I was a Muhammadan. So much knowledge English people themselves who come in contact with us possess about us! Then, as regards ignorance, well, was there any serious attempt made when Lord Sydenham and his friends went about saying in England that India was in a revolutionary state and that Indians were not fitted for reforms? That would have been a more useful work to have done at the time of the reforms. I think any money spent in England to educate the people there that we are an ancient and civilised people and not revolutionary, as some people would wish the English people to believe, would be much better spent than getting an American to come to us, spend a few weeks at our expense and then go back with a true knowledge of India. I would not trust him to expound me and my countrymen to the Americans. If men like Vivekananda would not give a true knowledge of India to Americans, I hardly think that an American coming here for a few weeks is going to take back a real knowledge of the real condition of affairs here. I think it is money wasted, and I would therefore urge upon the Government of India not to embark upon this plan.

Mr. N. M. Joshi: I think the idea underlying the appointment of an American lecturer is rather fantastic. The number of people who are spreading information, correct or otherwise can be counted by hundreds, and I cannot see how this one gentleman who is quite new to India, by coming here and learning something about India, is going to counteract by lectures the impression which these hundreds of people are creating in America. Besides the Indians resident in America, hundreds of Christian missionaries give lectures in America, and in order to get the sympathy of the American people tell stories about India which are also often incorrect. Moreover, I think there is something in the climate of America which makes people exaggerate and invent rumours and news. Sir, I came back from America in the month of April last, and after a few days, the Inspector-General of Police, Bombay, called me to his office and asked me whether I had delivered a series of lectures under the auspices of the Indian Home Rule League in America. I asked him what made him think so. He said, 'I have received news from America.' I only told him that he should change his agents in America.

Lieut.-Colonel H. A. J. Gidney: Mr. President, believing as I do that half truth is nothing but the blackest lie, and believing, as the Honourable the Home Member has shown to us, that the mission of this American gentleman is to find the whole truth about India, whether it be to our advantage or not, and convinced as I am that a good deal of the world not excluding England, knows only half the truth about this great country, I consider that the entertainment of this American gentleman at a small sum of Rs. 25,000 will be well spent.

Rai Bahadur Pandit J. L. Bhargava: Sir, I support this reduction as I think that the expenditure provided for charges in connection with the visit of an American lecturer is quite unnecessary and not at all called for. I hope this Assembly will vote for the reduction.

Rai Bahadur Bakshi Sohan Lal: I also support the motion for reduction.

Babu J. N. Mukherjea: I rise to support the amendment, because, in my humble judgment, if the demand means the initiation of a new policy, we cannot expect to have any return for the money that we may spend in this direction. There are newspapers and other agencies which are spreading news in America and other parts of the world. There are also learned societies in America established by the followers of Swami Vivekananda, also societies for the study of the Vedanta philosophy who do something about India, and in fact, there are temples, if I may say so, Vaishnava temples and other temples in America which help towards disseminating knowledge about Indian civilisation and different other things. So that, if all these agencies could not make any impression upon the Americans, it cannot be expected that the proposed appointment of an American lecturer in India will be of any help to us in informing the American people more thoroughly about this country. It seems to me, therefore, Sir, that the money will not be worth spending, and I beg to support the amendment.

Mr. Wali Mohamed Hussanally: Instead of getting a lecturer from America for a study of the conditions here and asking him to go back to America to lecture there, I think our first duty should be to send out a lecturer to Afghanistan, our neighbour, to inform the Amir what we are and what we do. I say this. A little while ago we learnt that the Amir of Afghanistan was going to invade India and conquer it because the people of India were going to have another mutiny, and I think that my proposal would pay better than spending this Rs. 25,000 upon an American lecturer.

Mr. Jamnadas Dwarkadas: Sir, I am afraid the Government of India will be landing themselves in a good deal of trouble and complications if they create this precedent of paying for a lecturer in America. As has just been pointed out by my Honourable friend here, questions will be asked of the Government why lecturers should not be sent out to Afghanistan, or to this place or that place where there is rank ignorance about India and is doing harm to India. Besides, who is to determine as to the fitness of the lecturer to give correct knowledge about India? I think that the work had better be left to the various learned societies that exist in America, and I can assure you, Sir, that I know of one or two societies particularly which are trying their best to spread correct information about India, and certainly these societies do not want any help from the Government. I can speak with some knowledge about the work of the Theosophical Society in America which has been recognised in many quarters, and this Society has been spreading most correct information about the art, the culture and the religion of India and general information about the Indian people. I think, therefore, Sir, that Mr. Kamat's motion for reduction should be accepted by this Assembly and this precedent ought not to be created.

Mr. B. S. Kamat: Sir, the Honourable the Home Member has justified this item on the ground that there is colossal ignorance in America about Indian conditions, and he thinks it would be a great advantage if an American lecturer were brought here and sent back to lecture to the Americans. The House will permit me to explain my own personal impressions. I was in America 18 months ago and happened to be the guest of a Professor in the Harvard University. Some journalists came to me for an interview, and I know perfectly well that their ignorance about Indian matters was really colossal. But there are two sides, Sir, to this question. While, on the one hand, the ignorance in America about Indian conditions is so great, it will be practically hopeless to overtake that ignorance by the employment of one lecturer. Just as in England, so also in America, the ordinary man in the street, who does not read, knows absolutely nothing about India's civilisation, its Government, or politics, but there is also, on the other hand, in America, as also in England, a class of people who have studied about India and who know the conditions about Indian social matters, her politics, her religions, her Vedantic philosophy, and her astrology, in fact, everything Indian. As a matter of fact I was surprised to see in the general library at New York every blue book that the Government of India has issued, and the man who cares to read of the doings of the Government of India will find any volume he wants in this library regarding conditions in India. On the other hand, even the most well-informed person in America may not know what a Hindu is and what a Muhammadan is, and I really think, Sir, that the employment of one lecturer who would be brought out at the expense of the Government of India and go back to America could do nothing to overtake all the misrepresentations and the bad rumours that have been spread in that country. I think, therefore, that this item is absolutely futile to meet the object in view. I know there are several societies which are spreading correct knowledge about the conditions in India, but my own experience there was that to one lecturer who may give facts and correct impressions, there are perhaps a hundred others who are spreading exaggerated, and sometimes false, notions about the political conditions in India. Therefore, as my Honourable friend Mr. Seshagiri Aiyar observed, it is a novel procedure to invite a man to a foreign country, to coach him up in Indian conditions, to bring and send him back at our own expense to speak for the Government of India. People in America will never believe such a man because he has been sent at the expense of the Government of India and holds a brief for them. I therefore move that this item be omitted.

The Honourable Sir William Vincent: I fancy that the feeling of the Assembly is against me on this item. But I should like to explain why we propose this experiment and why we began with America. America is a great English-speaking republic to which we are, Great Britain is and the British Empire is and will for many years to come be, more closely drawn than to any other country in the world, and for this reason it is important that America should be well informed on Indian affairs. In the second place, we have in America a very large number of these Indian Ghadrites, Indian revolutionaries, who are perpetually spreading false news about the country and it was to counteract that that we thought of employing this lecturer. The person whom we proposed to appoint is a man of very scholarly attainments, but in no sense an official. We had no idea of influencing him or getting him to take the Government view. Our idea was that he should come out to this country and get for himself accurate appreciation of the situation. That was what we thought was the most reasonable way of proceeding in this matter. He was not to be a Government nominee, and it was not our intention to get hold of a man who might be a suspect. However, as I have said, this is not a matter of vital importance and if the Assembly thinks that the money is not well spent, the Government will have to accede to their wishes in this matter.

The Honourable the President: The question is that this provision* be omitted.

The motion was adopted.

DEPUTY SECRETARY IN THE HOME DEPARTMENT.

Bhai Man Singh: Sir, most of the amendments of which I had given notice have been rejected. The only other point about which I have any objection is that of a Deputy

* *Vide* page 228 of these Debates.

Secretary in the Home Department. Under the new budget we are asked to vote for two Deputy Secretaries instead of one. The item itself is non-votable, but we have to see in granting the whole amount whether this is justifiable or not The work is bound to decrease under the new arrangement, and I cannot understand why we should be asked to vote for a new post of Deputy Secretary. It would mean about Rs. 23,000 yearly.

The Honourable Sir William Vincent: I could not hear the Honourable Member, but if I understood him correctly he complained of our entertaining two Deputy Secretaries in the Home Department. I must point out first of all that the item for two Deputy Secretaries (in italics) is not votable. But I am quite willing to explain that for some time the work in the Home Department has been increasing, and for some years I was pressed to employ additional staff. In consequence of this we had at one time to appoint an Additional Secretary, the superior staff then being a Secretary, an Additional Secretary and one Deputy Secretary. We then abolished the post of Additional Secretary and put on an extra Deputy Secretary at half the cost to save money to Government, and that is the explanation for the Additional Deputy Secretary, which item is not votable by this Chamber.

Bhai Man Singh: The other items have been also rejected and there is no use of my pressing this motion. I withdraw this motion.

The motion was, by leave of the Assembly, withdrawn.

DEPUTY FINANCIAL ADVISER.

Bhai Man Singh: The next amendment that stands in my name is:

'That the provision of Rs. 16,200 for the pay of one Deputy Financial Adviser be omitted.'

Last year we find that under the head of Financial Adviser, Military Finance, we had one Deputy Financial Adviser. This year we have three instead of one. These are non-votable, but I say that if we are going to have three Deputy Financial Advisers, there is absolutely no reason why we should not reduce the one post in question. I think the House will see the reasonableness of my motion.

The Honourable Mr. W. M. Hailey: I have some difficulty in answering the Honourable Member, Sir. Up to the present he has not given any reason that I can understand for making a reduction of the post he proposes. I assume, however, that his argument is that, because we have added two posts which do not come within the purview of the Council, he has good ground for suggesting that we should reduce one junior post.

Now, Sir, the reason why we have added, or propose to add, two Deputy Financial Advisers to the Army is this. We found that the Financial Adviser to the Army, expert and energetic as this officer may be, is nevertheless unable to scrutinise in person all the multitudinous details involved in the recent great increase of Army activities. When I say increase of Army activities, I do not mean to refer to the fact that the Army is paying more to the various components of its service; but we are now feeding and clothing the Army by direct arrangement instead of giving grants to the men or to units. We are now keeping up an Air Force; we are now keeping up a great deal of mobile transport. These are all new activities within the Army itself, and I think the House will very easily understand that, when you add a large commercial or semi-commercial transaction of this nature to the Army, it is necessary that the operations, if you are to secure economy, should be very carefully watched and scrutinised on the financial side. Members of the House who have read the Esher Committee's Report will remember that this particular measure, the addition of Deputy Financial Advisers in each of the major branches of Army work, was recommended by that Committee. But the scheme is not due in the first place to the recommendations of the Esher Committee. As the result of somewhat searching investigations that were carried on last year by a sub-committee of the Executive Council into the whole arena of Army finance and financial arrangements, we had already decided that it was necessary to give the Financial Adviser support and assistance if he was to undertake properly the examination of modern and exceedingly ramified financial transactions of the Army.

Now, I beg that the House will not be misled by the use of the term 'Financial Adviser'. The function of the Financial Adviser and his staff is not merely to give advice to the Army regarding financial matters. They are the representatives of the Finance Department within the Army; to this extent they represent a system of 'expenditure control'. The result of the increase of Army activities means that they must keep themselves thoroughly informed of all the facts regarding the purchase of grain, the purchase of food, clothing and the like; they must watch carefully the figures of recruitment and demobilisation to see that strengths are not exceeded; they must keep themselves informed as regards the operations in the Ordnance factories, and must apply in practice the results of the costing account system which we have now applied in those factories. Those are operations which are essential to the economical working of the Army. We, ourselves, in our scheme of financial control within the Army, have gone far below what has been thought necessary in England, and I do not think that, if the House examines the circumstances and realises the work which these officers have to do, it will think that we have been unduly extravagant in our scheme of Army financial control. I claim that we have put in the minimum number of officers possible, and I am fully persuaded that, if we do not keep up within the Army itself this system of expenditure control, the result will be a loss of economy. The

Army, though it may contain many business men and men of administrative talent, does nevertheless need constant check, constant advice and constant control in its financial affairs, and it is to assist this object that we have appointed these two extra Deputy Financial Advisers.

Bhai Man Singh : Well, Sir, I do not deny the fact that we do need financial control in the Army, but the question is, whether all these new posts are absolutely necessary and whether we are to allow that. This really means so much additional burden upon the Army, though of course it is put under the Finance Department head. So it is for the House to say whether we should allow all those items or make any reductions.

The Deputy President: The question is :

'That the provision of Rs. 16,200 for the pay of one Deputy Financial Adviser (page 69) be omitted.'

The motion was negatived.

ASSISTANT FINANCIAL ADVISER.

Bhai Man Singh: Sir, the motion that I have to put before the House is:

'That the provision of Rs. 37,920 for the salary of 3 Assistant Financial Advisers (page 69) be reduced to Rs. 15,600.'

Here again, the question is the same that, instead of one Assistant Financial Adviser during the last year, we require to have three others, and to my mind that is quite extra.

The Deputy President: Does the Honourable Member withdraw the motion?

Bhai Man Singh: No, Sir.

The Honourable Mr. W. M. Hailey: I understood the Honourable Member to say that the increase was 'quite natural' and I was, therefore, expecting him to withdraw the motion.

I have nothing further to say to the House on this subject. Deputy Financial Advisers are necessary in the larger branches of the Army, such as the Quartermaster General's Branch and the Adjutant General's Branch. Assistant Financial Advisers are necessary in regard to the smaller branches of the Army, and exactly the same argument applies. I do not honestly believe that it would be economical on the part of this House to refuse us this assistance in carrying out the expenditure control of the Army.

Mr. Wali Mohamed Hussanally: May I inquire, Sir, why all this expenditure on finance should not be debitable to the Army? Why is it given under the head of 'General Administration'?

The Honourable Mr. W. M. Hailey : I hope I may have the indulgence of the House to speak again in reply to this particular question. It would be an entire inversion of the proper procedure if we were to allow the Army to superintend the control of its own finances. The House will realise that the effect of having financial control under the Finance Member, and therefore under the Civil Government, is to place within the Army itself a guardian that is appointed, superintended and controlled from outside. What the Honourable Member apparently desires is this, that the Army should pay for its own Financial Advisers if it pays for them, it will also apparently superintend and control them. In both cases, of course, their pay comes out of the finances of the country and would simply mean a transfer from one page to another; but if the House will take my advice, it will leave them exactly where they are instead of transferring them to Army control.

The Deputy President : The question is:

'That the provision of Rs. 37,920 for the salary of 3 Assistant Financial Advisers (page 69) be reduced to Rs. 15,600.'

The motion was negatived.

ASSISTANT SECRETARIES' PAY.

Bhai Man Singh : Well, Sir, about the Commerce Department, I find that there are two Assistant Secretaries newly introduced whose pay is about Rs. 24,000. They are quite new posts and they should not be allowed. I therefore move:

'That the provision of Rs. 24,000 for pay of two Assistant Secretaries (page 70) be omitted.'

Mr. C. A. Innes: Sir, I should like first to explain that the Commerce Department, through no fault of its own, has been laid open to attack by a misprint. In the Budget for 1921-22 we are shown as going to have three Deputy Secretaries. That is a misprint. We are to have two, which is precisely the same as we have now.

I now turn to the exact question which has been raised by Bhai Man Singh, namely, whether the provision for two Assistant Secretaries should be omitted; and I should like to explain how my office is organised. It is divided into the following branches :—

1. Shipping Branch.
2. Special Branch, which deals with Emigration, the German Peace Treaty and other matters of that kind.

3. Posts and Telegraphs Branch.
4. Commerce Branch.
5. Customs Branch.
6. Insurance Branch.

Now the Honourable Mr. Hailey explained this morning the general reasons why these appointments of Assistant Secretaries were created last year. We have in the Department of Commerce two of these Assistant Secretaries. The first one is employed in the Emigration Branch, and he also deals with shipping cases. Now there has been recently in India—and I think quite rightly—a demand for a more active policy on the part of the Government of India in regard to emigration matters. We have been accused—possibly rightly—of allowing things in the Colonies and in foreign countries to drift until we have got into a mess and then of devoting ourselves to getting out of that mess. It has been suggested that we should have a much more live policy, and should keep in touch with Indians in the Colonies and in other places, and by taking these precautions, prevent things from drifting too far. Only a few days ago with this end in view, a motion was brought up in the Council of State that a new Department, entirely devoted to emigration, should be created in the Government of India. What have we got at present to deal with emigration matters? We have half the time of an Assistant Secretary, half the time of a Deputy Secretary, part of my time and part of the Honourable Sir George Barnes' time. Considering the importance of the question, considering how large it looms in the public mind, I ask the House whether they think that there is room for reduction, and whether the Assistant Secretary is an extravagance.

I now turn to the Posts and Telegraphs Branch. Here we have a whole-time Assistant Secretary. He sends up cases to a Deputy Secretary, who also deals with emigration, and, as in the case of emigration, Posts and Telegraph cases are dealt with by an Assistant Secretary, and occupy part of a Deputy Secretary's time, part of my time and part of the Honourable Sir George Barnes' time. Now, Sir, we are accused of being too extravagant in the Government of India. In the Postal Department in London, I find that they have a Postmaster General, an Assistant Postmaster General, a Private Secretary to the Postmaster General, a Secretary to the Post Office, a Private Secretary and Second Secretary to that Secretary, and seven first-class Assistants drawn from precisely the same class, as we Indian Civilians are drawn from. Out here, on the contrary, we deal with this immense Department which employs over 100,000 men, by means of an Assistant Secretary, part of the time of a Deputy Secretary, part of my time and part of my Honourable Member's time. I ask the House, Sir, with great confidence whether we are extravagant, and I am quite sure that in the light of this explanation Bhai Man Singh will withdraw his motion.

Bhai Man Singh: Sir, I withdraw my motion*; and I do not intend to move the next two motions, on the List of Business.

The motion was, by leave of the Assembly, withdrawn.

Cost of General Administration.

Rao Bahadur T. Rangachariar: Sir, my motion is:

'That the Demand under head General Administration (No. 14) be reduced by 20 lakhs.'

Honourable Members will notice that this is not a very modest request. I quite admit that, but, at the same time, the rate of progress at which expenditure has been getting up in this Department has not been modest. That is my excuse for making this immodest request. I notice that in 1916-1917 General Administration cost about 39 lakhs, and it rose to 46 lakhs and again 47 lakhs last year. Honourable Members will note that at page 64 the accounts show 74 lakhs; so between 1916-17 and 1919-20, the expenditure rose from 39 lakhs to 74 lakhs. Now, Sir, if again you look at the budget estimate for 1920-21, the last but one column on page 60, you will find our friend the Finance Member is responsible for a lot of increase. He budgetted very modestly for Rs. 6,20,000 for his Department, but the actual expenditure grew up to Rs. 10,51,000 in 1920-21. That was in the Finance Department. Similarly, my Honourable friend interested in the Home Department (Sir William Vincent) will find that he budgetted for 14 lakhs and spent about 17 lakhs in 1920-21. And similarly in other Departments also, Honourable Members will notice there has been considerable increase. I know one Department was transferred last year—the Department of Munitions—to General Administration, and that accounts for, I believe, 6 lakhs. But on the whole this tremendous increase within this year is a matter which requires close scrutiny. I should not have asked for such a scrutiny if the terms of reference of that Committee to which reference was made this morning had embraced this question also, but I am afraid I do not find among the terms of reference that the Committee is to make any report as to where retrenchment can be made and in what directions retrenchment can be effected. I was glad to hear that this Inspector of Office Procedure has been able to show some improvement in economy, and that already in the course of a very short period he has been able to effect a saving of 5 lakhs. If that is so, I gladly welcome his acquisition to the Government, and I hope that during the year we are going through he will be able to so examine the procedure in offices as to point out to the Finance Committee sitting in the course of the year where retrenchment can be effected.

* *Vide* page 232 of these Debates.

I do think that with the devolution of powers to the various heads of Departments with the decentralisation which is in vogue and also with the transfer of subjects which has been effected very largely to the Provinces, the work in the Central Government Departments should diminish. I quite agree that the Legislative Department has got added work; but I have not touched the Legislative Department although there are really two departments, the Legislative Body, and the Legislative Department, both of which show an increase. But even the Legislative Department cannot account, or rather our activities cannot account, for all this large increase in the expenditure. After all the Legislative Bodies sit only for two or two and a half months between January and March and again for two months perhaps in August and September.

I may also point out that the recommendations made by this Procedure Committee which was referred to this morning have not been carried out. They recommended that Under Secretaries—I shall stand corrected if I am wrong—should be abolished in the several departments, except in one department, either Home or Finance, I forget which now—the Finance Department. Then they also recommended the abolition of Joint Secretaries. I find, Sir, that provision has been made in the Budget for Joint Secretaries and for Under Secretaries. If the recommendations of that Committee are so sacrosanct as they have been made out to be by such eminent people as we have heard this morning, how is it these recommendations have not been carried out? Of course, it is impossible, as a man who always takes the practical view of things, to say all at once 'You shall cut down the Budget under this head by 20 lakhs'. But that is the only way in which I could bring before this Assembly the extravagance which I see rampant in this general administration. Has it been investigated by anybody? With all this transference of powers to Local Governments and other heads of Departments, how is it that the expenditure on the Central Government goes on multiplying like this? The Central Government should set an example in economy to Local Governments. I find that the cry everywhere, in all the local Councils is 'Oh, this extravagance'. In every budget debate, in Bengal, Madras, Bombay, in every Province you will find the cry of Honourable Members is the same. How has this administration grown so enormously? Here, Sir, there is ample justification for scrutiny, and I hope there will be considerable scrutiny during the current year; and if the Honourable the Finance Member will put this gentleman, the Inspector of Office Procedure, to that task first, I shall be most grateful and the country will be most grateful if some way could be found to reduce this expenditure. My object in doing this is simply to draw the attention of the Assembly to this growth in expenditure in all these years.

The Honourable Sir William Vincent: Sir, the Home Department is on very safe ground on this occasion, I am glad to say; because, if Honourable Members will look at the estimates, they will see that the estimate for 1920-21 was only Rs. 14,67,700, or less than last year: the expenditure last year was, it is true, Rs. 17 lakhs and exceeded the estimate, but the increase was due really to three causes: (1) revisions of pay of establishment. I think everyone knows that prices have gone up and it is quite impossible to keep the wages of your establishment at previous rates. There has, however, been no rise in the pay of any of the superior officers in the Department. I think it is correct to say that no extra pay has been given to any of the superior officers, Secretaries or Deputy Secretaries. Secondly, we have the officer employed in the Information Bureau, Mr. Rushbrook-Williams, to whom attention has been drawn, and his pay has to be met out of the Budget. Thirdly, there was a small increase under Reforms, but that was only a small item. If Honourable Members will look, however, at the Budget for the present year, it is reduced from Rs. 14,67,700 to Rs. 14,11,000, that is, three lakhs less than the expenditure of last year; and I do not think that Honourable Members really expect us to take off 20 lakhs from this reduced grant. I shall leave it to other Members of the Government to explain for their own Departments.

The Honourable Mr. W. M. Hailey: Sir, I understand the complaint of the Honourable Member to be that the figures placed in the Budget for the coming year largely exceed those of the revised estimate for the present year. The facts are of course that the revised estimate for the present year is approximately Rs. 95 lakhs, and the Budget estimate for the coming year is Rs. 97¼ lakhs, or an increase of 2¼ lakhs of rupees. Well, Sir, the greater part of the addition in cost is due to a cause which I do not in any way regret, and the Assembly is hardly in a position to regret; for, if the Members of the House will scan the items on page 60, they will see that, whereas in the revised estimate of 1920-21 the legislative bodies are responsible for Rs. 1,69,000, in the Budget estimate for 1921-22 they will be responsible for very nearly 8 lakhs; that is to say, there will be an increase of very nearly 6 lakhs in the case of legislative bodies. The total increase in this head of demand being only 2¼ lakhs, there has obviously been a considerable decrease in the claims of the Departments for expenditure. I think, Sir, that explanation should in itself be sufficient for the House.

Mr. B. Venkatapatiraju: Sir, on this question there are four amendments; and instead of taking up the time of the Assembly by speaking separately on each amendment, I may request the President to allow the question to be discussed generally so that all Members who have given notice of amendments may speak one after another instead of having separate discussions on all these amendments. The question, Sir, is this: there are suggestions for reduction of this grant by Rs. 2 lakhs, Rs. 5 lakhs, Rs. 6½ lakhs and Rs. 20 lakhs. The object evidently of all these motions is that the proposers are not satisfied

with the abnormal growth which we see in the estimates. Whatever may be the rise in wages, Sir, is there any explanation either from the Home Member or the Finance Member as to why there is an increase in five years of something like 250 per cent? Is there any justification for it? I have glanced through the report of the Secretariat Procedure Committee; and, though I find here and there a strong remark that it would be helpful in the reduction of expenditure, there is nothing to indicate that they have directed their attention at all with reference to this point of how to reduce this expenditure. The expenditure has grown 250 per cent. or two and a half times in five years, and I think it is high time we looked into it. I would ask whether the revenue of the country has grown, or whether the wealth of the country has grown, to that extent. Whether our treasury be full or empty it does not apparently matter—this grows on like sin, adding one after another and rising up to any figure. Therefore, Sir, I appeal to Members of this Assembly just to direct the attention of the Government to the fact that after all economy is a virtue which ought to be practised early by the Government. In America, during the presidentship of Mr. Taft, they appointed a committee specially to look into their administration, and the committee was able to reduce the expenditure by several millions. No committee has been appointed here, with special directions to try to reduce the expenditure, because nobody seems to be anxious to reduce the expenditure. Therefore, Sir, it is absolutely necessary that we should express our disapproval of this enormous growth by asking for a reduction of this grant by whatever amount—5 or 6 lakhs. The proposals for reduction only show that we cannot at all look with equanimity and keep silence over such an abnormal increase from year to year. It may be that the increase is only Rs. 2½ lakhs as compared with the previous year, but it is much more when compared with previous years. It is now only that we have the right of reducing these figures when we think it is necessary to do so and, therefore, we are emboldened to put forward concrete proposals for reduction.

In previous years the members have expressed their dissatisfaction by pious Resolutions and by pious requests, but now we have the power, let us exercise it, not to paralyse the Government, but to show our dissatisfaction at the way in which our expenditure is rising by leaps and bounds.

3 P.M.

Mr. E. L. Price: Sir, I move that the question be now put.

Rao Bahadur T. Rangachariar: Sir, the Honourable the Finance Member compared the present figure only with the revised figure for last year, but I asked him to compare the figure with the Budget figure for last year and the actual accounts for 1919-20. There is an increase from Rs. 74 lakhs to Rs. 94 lakhs in these two years, and that shows the rate of progress which requires to be examined. Further, the Honourable Mr. Hailey has not given me any assurance that he is going to have these matters investigated. If he had given that assurance, it would have meant something but, so long as he does not give it, I think I must press my motion.

Mr. Piyari Lal Misra: Sir, after Mr. Raju's motion my motion comes but, fortunately or unfortunately, all the previous items have been rejected. I have, however, noted some items on which I should like to have some information from the Government benches. At page 74 there is is a post of Assistant Secretary in the Public Works Department on Rs. 800 per mensem or Rs. 9,600 per annum. This is entirely a new post.

Then, Sir, there is a bonus of Rs. 25,000 granted to one Mr. Brebner. I should like to have some light thrown on this, as to why this gentleman has been granted the bonus, and whether he has been given merely the bonus and also a pension.

Then, again, on page 66, in the Legislative Department, there are two Solicitors appointed. My submission is that one Solicitor would be quite enough, and if my suggestion is accepted a saving of Rs. 30,000 could be effected. This is so far as votable items are concerned. But may I have the permission, Sir, to ask for some information from the Honourable the Home Member regarding an item on page 66? It relates to one Assistant Examiner of Questioned Documents. We want only information; we know it is not votable. The figure given is Rs. 9,120. We want some light thrown on this.

(At this stage the Honourable the President resumed the Chair.)

Then, at page 72, another new appointment of Assistant Secretary, carrying a salary of Rs. 18,780 per annum has been made in the Railway Board. That is a new appointment, and I should like to have some information on all these appointments.

Rao Bahadur T. Rangachariar: I want to suggest for your consideration, Sir, that I am prepared to accept item No. 19 on the agenda as an amendment to my Resolution.

The Honourable the President: Does the Honourable Member say that he wishes to accept the reduction of two lakhs if Mr. Neogy moves it?

Rao Bahadur T. Rangachariar: Yes, Sir.

The Honourable the President: Did the Honourable Member (Mr. Neogy) move his amendment?

Rao Bahadur T. Rangachariar: Not yet.

The Honourable the President: The question is :

'That the demand under head 'General Administration (No. 14) be reduced by 20 laks'.

Mr. T. V. Seshagiri Ayyar: Sir, may I make an appeal to the Members on the Government benches to give us an assurance that they will take steps to retrench expenditure.

There is a general discontent regarding the growth of expenditure in General Administration. This Assembly would not be sorry if the increase of expenditure were on productive works, but when money is being spent upon departments and offices are being multiplied, which do not bring us any return, there is a legitimate feeling that the money might be spent better in other directions instead of being wasted on the creation of offices. Under these circumstances, there is a very widespread feeling among the Members of this House that some attempt should be made to retrench expenditure, and if the Government will give us some assurance that they will take steps to see that the expenditure on officers is not being unduly increased, I think most of the Members will withdraw their motions.

The Honourable Mr. W. M. Hailey: Sir, more than one Member of the House has complained that expenditure on the officers of the Central Government has mounted, and is mounting, and ought to be retrenched; they have asked for some assurance that efforts will be made to effect such retrenchment. The best method which I can devise for the present would be that the state of the staff should be examined by the Standing Finance Committee and recommendations on the subject put forward by them. I do not think myself that it would be of any particular value to discuss here across the floor of the House one small retrenchment or another, for the work of one branch of an office is linked to that of many others. If we have hitherto shown some reluctance to accept any large or sweeping reductions in the central staff, it must be remembered that the gradual trend of affairs has led to greatly increased work in our Central Secretariat. I have myself some hope that when the Reformed Constitution is in full working, we may be able to effect some reductions in those departments which deal with transferred subjects. But, meanwhile, the late years have placed a great additional burden upon the departments of the Government of India. There has been a growing complexity of public business; there is an insistent demand for the early despatch of business that comes before us; and it must be realised that the constitution of the Legislative Assembly and the Council of State has in itself led for the present to a very considerable increase of work, and work of a very urgent type. I give this to the House as a matter of practical experience; and I do not think that my Honourable Colleagues here will fail to support me in my statement. We have to do our best with the means we have at our disposal and, where we have made additions, it has always been (I can certainly say this from the point of view of my own department) with the greatest reluctance. I should be quite prepared, and so are my Honourable Colleagues, to place the matters of their departments before the Standing Finance Committee. If they can suggest reductions to us and, if we do not effect those reductions, they can report the matter to the House. But I would not suggest at present, until we know better what the course of our work is going to be through the coming year, that any formal committee be appointed to go into the matter.

Rao Bahadur T. Rangachariar: Sir, after that statement from the Honourable the Finance Member that the Standing Finance Committee will be allowed to go into the matter and report on the various departments, I shall not press my motion. I did not think that it was one of the functions of the Standing Finance Committee, but, since it has been made clear by the Honourable the Finance Member, I shall not press my motion, and I daresay that my Honourable friends too will not press their motions.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is :

'That a sum not exceeding Rs. 65,21,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 for 'General Administration'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move :

'That a sum not exceeding Rs. 58,34,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of Audit.'

Audit.

The Honourable the President: The question is :—

'That a sum not exceeding Rs. 58,34,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of Audit.'

The motion was adopted.

Mr. S. P. O'Donnell: Sir, I beg to move :

'That a sum not exceeding Rs 4,47,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 for the Administration of Justice.'

Administration of Justice.

CIVIL AND CRIMINAL JUSTICE.

Mr. Eardley Norton: I move, Sir:

'To reduce the vote for Civil Justice by the sum of Rs. 10,000 and the vote for Criminal Justice by an equal sum of Rs. 10,000.'

I have absolutely no feeling of animus or malice against the administration of justice with which, or with the converse of which, I have been so long and so intimately myself concerned. But I have been obliged, by the nature of the procedure of this House, to assume a method of attack which is foreign to my nature, for by nature I am an honest man, I should like to be able to stand up and honestly ask for Rs. 20,000 instead of asking for it as I do under cover of this somewhat curious attack—for a Library for the purposes of this Assembly. But the rules of the House preclude my making that straightforward request in that straightforward fashion, and I have, therefore, been compelled to see how I could bring this question before the notice of the members of this Assembly. Apparently the only method of doing that was to attack somebody. I have, therefore, been compelled, much against my wish, to lend my name to an attack which, before I move it, I wish entirely to repudiate. My first inclination was to attack the Bishop. But when I turned to the Ecclesiastical Department (a Department which, I trust, in the years to come, and that not very long, will be at once and for ever removed from the Budget of the Indian revenues), I found that there I was confronted with large italic letters and across the portals of the sacred edifice was written in official language the word 'Verboten.' Unable to attack His Lordship the Bishop and his dependents, I looked elsewhere for relief. I thought I had found it in the household of His Excellency the Viceroy; but although I might have attempted to deplete his crockery and his bed-linen, I felt that that was not a courteous method of greeting the arrival of the coming Viceroy who might possibly think that we were disposed to make things uncomfortable for him even before he arrived here.

In my despair I turned to the earliest of the sequences printed here and found that I was to attack the administration which has for so many years nurtured me. I regret it. But I want that library, and the only possible method at present of getting it is to ask for a reduction of Rs. 20,000 from my foster-mother.

I think this House will probably agree with me—I think that the other side of this House also will agree with me—that it is necessary that we should have books to which we can make reference for purposes of fortifying our own arguments or of annihilating the arguments on the official side of this House. I know from hearing and also from reading him that the Honourable Member for Finance has beneath his official pachyderm a strong literary strain, and I feel sure that I shall at any rate enlist his sympathies although he is in charge of that Department which is disposed, as a matter of principle, to say 'No' even to the accumulation of law books. I wish to appeal to his better nature, the literary and cultured side of his nature, when I ask him to provide us with the instruments for attacking him and his Department hereafter. It is unnecessary to say much more about this. I think we are all agreed that books are necessary, if only for the purpose of consoling ourselves by reading in the interval of our leisure conflicting judgments which no one can reconcile. Books are necessary, but we want them not merely on law; we want a general library, we want a Parliamentary library, we want a statistical library, we want it in this House, and we want attached to it two things; we want a librarian, and we want a catalogue. We want also a much larger room than is at present assigned to us. I do not wish to be eclectic; I do not wish to be too democratic; but when the members of the Council of State invade that room at the same time as we are there, there really is no space for us to pursue our studies in that state of absolutely quiescent reflection with which alone we can come prepared to this House. I am not suggesting that the Members of the Legislative Assembly and the other House should have separate rooms to themselves. On the contrary, I think we shall be able to procure a great deal of information by consultations between both Houses of the Legislature, provided we can have a room sufficiently large in which to meet without inconveniencing ourselves and our atmosphere too much.

I would, therefore, make an appeal, in attacking the administration of justice, to the Honourable Member in charge of the Department, or to the Finance Member as he is here, that he will receive this appeal *in forma pauperis* with a certain amount of latitude, of charity and of benevolence. This is a universal want felt by all of us excepting by the few who are themselves walking encyclopædias of knowledge in this House (I am referring particularly to my vakil friends behind me), but to us very common folk who cannot carry the erudition of centuries in our minds and who feel that we must refresh ourselves by reference before we make quotations, it is absolutely necessary that we should have a well-arranged library to which we can appeal before we appeal to the living members in possession of the books themselves. I trust that the Honourable Member in charge of Finance will see his way, before we meet again, to give us what we want.

This raises one other question, a question of some difficulty with me, and that is whether we are going to use this library throughout consecutive meetings in Delhi alone or only for a portion of our meetings. It is not yet decided, although I understood the official leader of the other side of the House to say the other day that he was quite prepared for a full dress debate upon the question as to whether or not we are to meet here for the second meeting or at Simla. I understood him to say—he will correct me if I am wrong—that he was prepared himself to abide by the decision. If we are not to meet here continuously as I trust we shall

not; if we are to meet partly in Simla and partly here, I should like to know, as I am not acquainted with Simla, whether in that event we are to have two libraries; whether we are to have a library here for purposes of reference whilst this House meets here and also a library in Simla for the purposes of discussion there. If I correctly interpret what the Honourable Sir William Vincent said and if we are to be constitutionally terrorised into meeting perpetually in this House during the hot as well as the cold weather, then it seems to me that possibly we shall require even a larger grant than the Rs. 20,000 with which I have suggested the starting of this library. I do give my Honourable friend notice that this is the thin end of the wedge.

I am familiar with libraries. I have been collecting libraries all my life, and it is only quite lately—owing to certain circumstances into which I need not enter now—that I have been obliged to part with my books. I would ask the officer in charge to let me have some guiding voice as regards the class of books which it is necessary we should have; and also in regard to the way in which catalogues should be prepared for the purpose of making these books really useful to the members of this House. I have nothing further to say except to appeal in as chastened a mood as I can—to the Honourable the Finance Member to give us some assurance that this appeal of ours will meet with a kindly reception at his hands so as to enable us to go back with a knowledge that we shall be even better prepared to-morrow than we are now to enforce our arguments of to-day.

The Honourable the President: By the exercise of what the Honourable Member has called 'charity and benevolence,' I have turned a deaf ear to the Honourable Member's speech which has been out of order from the first word to the last. I am aware that I am setting a bad precedent from the Chair; but as he was raising a question of great interest to every member here, I allowed him to proceed. I shall not be able to allow the same latitude to other members who must address themselves to the subject of Civil and Sessions Courts if they wish to discuss this motion for reduction. Turning to the *head* 'General Administration,' *sub-head* Legislative Department, I find an item for the 'purchase of law books.' That was the proper place for this question to be raised. I suppose it escaped the eagle eye of the Honourable Member, so I allowed him that latitude, and I am prepared to allow it in relation to a very brief reply similarly actuated, I hope, by 'charity and benevolence' on the part of Government. But I cannot allow other members a similar latitude.

The Honourable Sir William Vincent: Sir, the position of the Honourable the Finance Member during these debates is a somewhat curious one. All through the year he poses to us administrative departments as a Cerberus guarding the public Treasury with his satellites, and if you ask his Department for money for any object, you usually come back sore and defeated. In this Chamber his attitude is different and he has to justify demands though he is sometimes afforded a little satisfaction when one of our demands is turned down. I saw him just now when a demand of the Home Department was refused give a sardonic smile of satisfaction, and I felt he was rather pleased at the result, and there is, I think, some excuse for him. But in this case I propose to turn the tables on him, and myself side with the Honourable Member who moved this Resolution. There is really a great need for this library though I think the sum which is proposed is quite inadequate. We will, however, combine to bring pressure to bear on my Honourable Colleague, and I am hopeful that out of one of those 'lump sum grants' which he always keeps up his sleeve, we shall be able to secure a reasonable amount for the purpose that the Honourable the Mover has in view. I hope, however, that it will not be necessary on this account to reduce the salary of these unfortunate Judicial Officers. The Honourable Mover has hitherto been known to them as a great advocate and a man of light and leading, learned in the law. And I should not like to see his reputation injured or to have him regarded as a peculiarly malicious person, something worse than the Accountant General who cuts their pay for no reason. It would spoil his reputation in the many Courts in which he practises. If, therefore, I give an assurance that I will certainly myself—and I am quite sure my friend Dr. Sapru will join me—that we will put any pressure we can on the Honourable the Finance Member to secure an adequate grant for this library, I hope the Mover will withdraw the Resolution.

Mr. Eardley Norton: I withdraw.

The Honourable Sir William Vincent: I only want to say one word more in answer to a question asked me about Simla. There is, as a matter of fact, an excellent library in Simla which is quite close to the place which is proposed for the site of the Chamber.

The motion* was, by leave of the Assembly, withdrawn.

Rao Bahadur T. Rangachariar: I will not move No. 22, Sir, *i.e.*:

'That the demand under head 'Administration of Justice' be reduced by Rs. 11,480.'

The Honourable the President: The question is:

'That a sum not exceeding Rs. 4,47,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for the 'Administration of Justice.'

The motion was adopted.

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* *Vide* prepage.

Mr. S. P. O'Donnell: Sir, I beg to move:—

'That a sum not exceeding Rs. 31,26,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for Jails and Convict Settlements.'

Jails and Convict Settlements.

HIRE OF STEAMER.

Rao Bahadur T. Rangachariar: Sir, I beg to move:

'That under this head the demand be reduced by Rs. 2,12,000.'

In addition to the lump sum proposed already which I will not repeat, I find an item on page 96 entitled Hire of Steamer. I think, Sir, it has gone up from Rs. 2,27,500 to Rs. 5,37,000. I cannot understand how such a large jump should have been made, and I therefore move that this sum be reduced, that the demand under the head Jails and Convict Settlements be reduced by Rs. 2,12,000.

Mr. S. P. O'Donnell: Sir, I am not surprised that the Honourable Member found some difficulty in understanding the figures for the hire of this steamer. The facts are these. This steamer was from 1916 to the end of August 1919 an impressed steamer. And it was run by Government and the payment made to the owners was at the rate of Rs. 14 per gross ton. This was the blue-book rate, and I think it is well known that blue-book rates were decidedly below what could be obtained in the open market. In September 1919, a temporary contract was entered into at the rate of 30 shillings per ton of dead weight, and then the contract was renewed for a period of five years in September 1920 at the same rate. Before renewing the contract, the Government made every possible inquiry. They inquired whether they could get a steamer which they could own and run themselves. They found that to be impossible. They invited tenders and they only received one tender. Eventually they entered into the contract on the advice of, and after the case had been examined by, the Shipping Controller, Mr. Storey. There has, therefore, been no change in the rate paid for this steamer since September 1919. As a matter of fact, for the period from April 1920 to the end of the year, Government made the handsome profit of two lakhs of rupees. How the accounts will work out during the period of the contract depends of course upon the rate of exchange because the contract is on a sterling basis. But, assuming that the rate of exchange gradually improves, as we all hope, there is every reason to suppose that the contract will prove profitable to Government.

Now, as regards the variations in the figures, in the first place, the figure Rs. 2,27,550 in the accounts for 1919-20 appears to be a mistake. The actual figures are Rs. 3,59,000. Of course this represents the expenditure for a year during a considerable portion of which the steamer was an impressed steamer. Then it will be seen that there is an estimate of Rs. 3,66,000 for 1920-21. That was based on the three years' average during the greater portion of which period the steamer was impressed at the blue-book rates. The actual expenditure was Rs. 5,66,000, then a simple calculation will show that the estimated expenditure for 1921-22, *viz.*, Rs. 5,37,000, is insufficient. The actual payments that have to be made month by month are £5,000 odd. The Chief Commissioner in sending up this estimate made a mistake in the basis of his calculations. He calculated on gross tonnage and not on dead weight tonnage. When that mistake was discovered, he sent up a fresh estimate, and this lump provision of Rs. 2,00,000 at the bottom is intended to adjust the accounts under that head. The position therefore is, that there has been no increase whatever in the rate which is paid for the charter of this steamer, and that, as I have said from April 1920 to the end of December 1920, Government had made a very reasonable profit of Rs. 2 lakhs on this contract, because Government gets all the freights and rates paid by passengers. As regards the future, of course, it is impossible to say exactly how the account will work out, because the contract is on a sterling basis. But assuming that exchange recovers, there is no reason to suppose that this contract will not prove a profitable one It has been made after the most careful examination, after every possibility has been explored, and after expert advice had been taken.

Mr. Eardley Norton: May I inquire where and for what the steamer is being used?

Mr. S. P. O'Donnell: It is used for carrying passengers, freight and mails to the Andamans.

Mr. E. L. Price: Sir, it is extremely interesting, after the Honourable Mr. Hailey's condemnation of the action of those merchants who failed to cover their exchange, to hear that the Jails and Convicts Settlements Department has also failed to cover their exchange and have speculated like the merchants—we will hope, however, with happier results! But, Sir, the point I want to raise is not that. It is this that this demand covers the Andamans Administration, and I think that before we vote this money, we ought to have some assurance from Government that the conditions of the 'hell on earth' that has been revealed there will be ameliorated during the coming year.

The Honourable Sir William Vincent: I am extremely glad, Sir, that I have been afforded this opportunity of stating the policy of the Government in regard to the Andamans

Settlement. Honourable Members are aware that I promised recently to lay the Report of the Jails Commission before Members of the Assembly and to publish it. As soon as I obtained the permission of the Secretary of State, namely, on the 8th March, we issued orders for its publication, and I believe that the report was placed in the hands of all Honourable Members on the 9th. Before that date, however, we had already come to certain provisional conclusions regarding the Andamans, intending at first to reduce the Settlement from its present numbers to a Settlement where about 1,500 or 2,000 of the worst criminals only would be detained. We have now after consultation with the Secretary of State decided, subject of course to any advice from this Assembly, because this is a matter on which the influence of the Legislature may very properly be exercised, to abandon the penal Settlement altogether. For some years we have had misgivings about this Settlement. Although I think some of the statements in the report are overcoloured, at the same time we have been under misgivings regarding conditions there. It is at a very great distance from the Headquarters of Government, and it is impossible for us to control or supervise work effectively, and the Settlement is also unamenable to outside influences. In 1913, Sir Reginald Craddock, my predecessor, made a careful inspection of the Settlement and he formulated his views in a report which is now on the records of the Government of India. Partly, as a result of that visit, the Government decided, on a motion of Mr. Rayaningar in the Indian Legislative Council, to appoint a Committee to examine the whole of our jail systems. Owing to the war, we were unable to appoint that Committee at the time. It was impossible to do so, and we received instructions to defer the establishment of the body. We were, however, never unmindful of this subject and immediately the war was over, we appointed this Committee. It has completed its inquiries and submitted the report which is now before Honourable Members.

When we received that, report, we immediately also formulated our views on the various recommendations. Most of them, however, as Honourable Members will see, affect Local Governments mainly, but this Chapter of the Andamans was one which directly affected the Government of India; it is directly under our control. I ought to have mentioned that before this and after Sir Reginald Craddock's visit to the Settlement, a number of reforms such as we could carry out then were immediately done, not in my time, I think, but before I came in. Among these may be included the abolition of chain gang sentences, the systematic reclamation of salt swamps which is in progress. A large amount of money, more than four lakhs, has been spent on the removal of certain barracks beyond the radius of infection. Additional allowances for food have been sanctioned for convicts engaged in labour at a distance from their station, such as forestry or fuel-cutting. The system of local marriages has been regularised as far as possible. Allowances paid to married self-supporters have been increased, and marriages between convicts and free men are no longer permitted. The productive capacity of the Settlement has been developed; convict labour is being withdrawn from forest camps and being replaced by free labour. All the same, we viewed the information contained in this report with very grave concern, and I am sure this Assembly will support us entirely in the view we are taking, namely, the decision that the time has now come to end this penal settlement altogether. Of course, there must necessarily elapse a considerable time before this proposal can be carried out completely, because we have to deal with 12,000 to 15,000 prisoners, and they have to be accommodated somewhere as obviously they cannot be released forthwith. But we are taking certain steps in this direction immediately, and we are also impressing upon Local Governments the necessity of adding to their jail accommodation without delay.

The actual Resolution which the Government of India propose to issue on this Andamans Commission is now before me. We have refrained from issuing it mainly because we thought it would be in accordance with what was promised the other day that we should first ascertain the views of this Assembly in regard to it, although I am quite certain we shall secure their abundant support for the course we now propose. Further, I am glad to say that we have issued orders that all political prisoners shall be immediately returned from the Andamans, that female convicts not married locally shall be returned immediately, and we are taking steps to prevent further criminals being sent to the Andamans in so far as the Local Governments are able to find accommodation for them here. We shall press Local Governments in this matter to restrict the numbers as much as possible. In the meantime, we are giving effect to the recommendations contained in the report for the amelioration of conditions there so far as may be possible and providing so far as we can for the classification of convicts, their complete separation at night, and as far as possible, at labour, a substantial reduction in the number of convict officers and the recruitment of an additional number of well-paid jailors and warders. We are also improving the arrangements for medical treatment, and in other directions we are in consultation with the Chief Commissioner as to what improvements are possible. With the consent of the Honourable the Finance Member we have provided a lakh for the temporary improvement of the administration of this Settlement this year. The difficulty in giving immediate effect to the recommendations of the Committee is that eight or ten new jails will be required to accommodate the prisoners, our jails are at present overcrowded and Local Governments may not be in a position to undertake the construction of a number of new jails immediately. But I can assure this Assembly that this report has caused us the greatest concern, and we will do everything possible that we can to remedy the defects that have been pointed out, and I hope that in a few years, this blot on the administration may be removed altogether.

Rao Bahadur T. Rangachariar: Sir, I am glad that my innocent motion has been productive of one good effect, namely, that, at any rate, one hell is going to be put an end to

although it may not be possible to put an end to the other hell. But this hell was man's creation, and therefore man can put an end to it, and I hope it will soon be put an end to.

And I am very grateful indeed for the assurance given by the Honourable the Home Member in that connection and I daresay this Assembly welcomes that announcement.

As regards the particular item I do not understand why the Government should not contract to pay in rupees. Why should they contract to pay in sterling knowing all the difficulties we have about exchange. When they enter into a contract, why should they enter into this contract to pay in sterling? Then the Government say 'Oh, this loss is due to this and that and the other'. I wonder why that was done. On the whole, having regard to the explanation given by the Home Secretary I do not think any useful purpose will be served by my pressing my present motion to a division, and I hope that in future when a contract is entered into, it will be paid in rupees and not in sterling and it will not subject us to this loss.

The Honourable Sir William Vincent: May I ask one question? I am very anxious to know in connection with this question of the Andaman Settlement whether the action proposed by Government has the approval of the Assembly.

(SEVERAL HONOURABLE MEMBERS: YES.)

The motion* was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 31,26,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for Jails and Convict Settlements.'

The motion was adopted.

Mr. S. P. O'Donnell: I beg to move:

'That a sum not exceeding Rs. 29,21,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for Police.'

Police.

Rao Bahadur T. Rangachariar: I wish to draw the attention of the House to page 98 of the Demand for Grants where there is an item of War Allowance for Rs. 50,250. I wonder what war that is and why a war allowance should at all be provided for 1921-22. Again, in the same page, under 'Travelling Allowance' we have provision for 1,10,300 and for 'House Rent and other allowances' 2,80,530, and again on page 99 for 'Contingent expenditure' Rs. 29,880. There are other items but I will not trouble the Assembly with them. It appears to me that these are items which have to be justified to the Assembly before they can pass them.

Mr. S. P. O'Donnell: I should like to point out that the demand under this, head relates to a large number of Administrations including Ajmer, Baluchistan, Indore, Coorg, Delhi, Rajputana. It has therefore to be borne in mind in considering the various items that every item is probably divisible by about 6. As regards the particular items referred to by Mr. Rangachariar, it will be observed that there is no increase of travelling allowances. This sum of Rs. 1,10,300 is intended for all these Administrations that I have mentioned. Then he referred to the question of war allowance. These war allowances are simply allowances which were granted to the subordinate staff during the war pending the revision of their pay. The intention is that as soon as the revision of pay is effected, the allowances shall be merged in pay.

As regards house rent allowances, these are allowances which are paid to Inspectors and Sub-Inspectors. That is the standing practice all over the country. These Inspectors and Sub-Inspectors of Police either get houses rent free or they get allowances in cases where Government is unable to provide houses.

For the rest, any increase in expenditure which is a very small increase if you take it per province, is simply due to revision of pay which is as necessary and indeed more necessary in the case of the police than in that of other services. There was a case mentioned by the Honourable the Finance Member where we had to sanction an increase of pay for the police in Bombay, because, if that increase had not been sanctioned, there was every reason to believe that a particular section of the force would have ceased to function. At the present moment, as Honourable Members know, in one province, Bihar and Orissa, the police have actually gone on strike.

Rao Bahadur T. Rangachariar: I do not press the motion.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 29,21,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of the 'Police'.'

The motion was adopted.

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* *Vide* page 239 of these Debates.

Mr. C. A. Innes: I beg to move, Sir:

'That a sum not exceeding Rs. 11,68,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Ports and Pilotage'.'

Ports and Pilotage.

The motion was adopted.

Mr. J. Hullah: I move, Sir:

'That a sum not exceeding Rs. 27,83,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of the 'Survey of India'.'

Survey of India.

The motion was adopted.

Mr. J. Hullah: I move, Sir:

'That a sum not exceeding Rs. 4,57,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Meteorology'.'

Meteorology.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 4,57,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Meteorology'.'

PROVISION FOR WEATHER TELEGRAMS.

Sir Sivaswamy Aiyer: Sir, I beg to move:

'That the provision for weather telegrams (page 119) be reduced by Rs. 40,000 (Rs. 44,000, as shown in the agenda, is a mistake).'

The charge for weather telegrams is Rs. 84,000. In the next year it is proposed to raise it to Rs. 1,40,000. I know Sir Gilbert Walker to be an eminent scientist, but I do not know whether he can guarantee the accuracy of his weather forecasts with the addition of this expenditure. If he could guarantee the truth of his prophecies of weather, I for one would not mind it, but I am afraid he will not be able to do so. It seems to be an excessive charge, and I move that it be reduced by Rs. 40,000.

Mr. J. Hullah: Sir, without giving any guarantee that we shall improve the accuracy of our weather forecasts, I hope I shall be able to explain to the satisfaction of the House that there is really no increase in the charges which the State will have to bear on account of these telegrams. Honourable Members will see that in the accounts for 1919-20 in the last budget and in the revised estimate the figure has been constant—Rs. 84,000. That has simply been a conventional figure adopted between the Meteorological Department and the Telegraph Department, as representing the cost of the telegrams. Since that figure was fixed some years ago, when it represented approximately the actual cost, the rates for telegrams have doubled, and the Director-General of Posts and Telegraphs has asked us to pay for our telegrams in future at current rates. We have, therefore, put down the sum which we expect them to cost and which they would actually have cost this year had we been charged full rates by the Telegraph Department. There is no point in cutting out a single rupee of this provision, because if you do you must cut out another rupee from the receipts of the Telegraph Department. It is simply a book account between two Departments, and we have now to put in what we believe will be actually debited to the Meteorological Department. I can assure the House that there is no real increase in expenditure whatsoever.

Sir P. S. Sivaswamy Aiyer: It is a mere question of book entries?

Mr. J. Hullah: Yes.

Sir P. S. Sivaswamy Aiyer: Then I do not wish to press my motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 4,57,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for 'Meteorology'.'

The motion was adopted.

The Honourable Sir Thomas Holland: Sir, I beg to move:

'That a sum not exceeding Rs. 1,64,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of the 'Geological Survey.'

Geological Survey.

The motion was adopted.

Mr. J. Hullah: I move, Sir:

'That a sum not exceeding Rs. 1,37,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for the 'Botanical Survey'.'

Botanical Survey.

FREIGHT AND OTHER CHARGES.

Sir P. S. Sivaswamy Aiyer: Sir, I move :

'That the provision for freight and other charges (page 123) be reduced by Rs. 20,000.'

The cost of this in the current year will be Rs. 10,000. It seems to have gone up suddenly to Rs. 32,000 in the estimates for the next year. It is difficult to understand why there should be this big jump from Rs. 10,000 to Rs. 32,000. I move that it should be reduced by Rs. 20,000.

Mr. J. Hullah: I may explain, Sir, that this provision is made on account of importing supplies of quinine from abroad. The demand for quinine in India is growing very rapidly indeed, and the Bengal and Madras plantations are unable at present to meet that demand. As the Assembly was informed a week or two ago by Mr. Sharp, we have started in Burma a very large plantation which, we believe, will supply the full quinine needs of India and, we hope, the needs of the Empire as well. But meanwhile we have to import quinine from abroad. It has been pointed out that in the revised estimates the amount on account of freight and other charges is only Rs. 10,000. As a matter of fact, the last budget provision made was Rs. 25,000, but that does not appear because in the column 'budget estimate' several items have been lumped together. But the quinine has not come forward, or rather very little of it has come forward, and therefore the budget provision of this year has been reduced from Rs. 25,000 to Rs. 10,000 in the revised estimate. We expect to get not only the arrears of this year, but also increased supplies next year. We have a contract for 750,000 lbs. of quinine in the bark, and another for 40,000 lbs. of quinine sulphate. It is for that reason alone that a provision of Rs. 32,000 has been made in the budget, and I may mention that we asked a hard Finance Department to give us a provision of Rs. 40,000. I hope that the provision of Rs. 32,000 will be allowed to stand.

Mr. E. L. Price: I should like to know, Sir, whether the Botanical Survey is also speculating in exchange like the jails, or whether they have covered themselves?

The Honourable Mr. W. M. Hailey: I can answer the question of the Honourable Member, Sir. There does not appear on this Budget any demand for payment for quinine. That appears in the Home charges. Therefore that will not arise in this particular connection.

Mr. E. L. Price: What made me ask that question, Sir, was because in the case of the Andamans there was an item for which exchange was uncovered, freight, charter or steamer hire; and the same word appears here.

Sir P. S. Sivaswamy Aiyer: I do not press my motion, Sir.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,37,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for the 'Botanical Survey'.'

The motion was adopted.

Mr. H. Sharp: Sir, I beg to move:

'That a sum not exceeding Rs. 1,11,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922, for the 'Zoological Survey'.'

Zoological Survey.

Rao Bahadur T. Rangachariar: Sir, I beg to move

'That the Demand under this head be reduced by Rs. 22,800.'

My reason for it is to be found on page 124, where there are two lump provision items, which will come under the general provision we have made already. But as zoology is a very interesting subject, other Members may have an opportunity of saying what they have got to say about it.

Mr. R. A. Spence: Mr. President, it is usually considered a good thing if one's interpretation of rules is the correct interpretation. I regret that in this instance my own interpretation is, I believe, correct, for I do not believe that it would be in order to ask that a demand for a grant should be cut down in order that that demand should be used for some other purpose.

Motions for reduction of grants are presumably the result of the Mover's belief that the sum demanded is more than is required for the efficient service of the Department, and if this were the case I should like to see the sum objected to transferred to the credit of the Mammal Survey undertaken by the Bombay Natural History Society.

But, unfortunately, for this country the demand made on us for the work of the Zoological Survey of India is not merely not in excess of its requirements but is greatly in defect.

There must be many in this Assembly who are interested in the wonderful natural life of this great country, and I would appeal to them to do all that they can to remove the reproach

on India of starving science. If one wants to know what can be done to increase the knowledge of the natural life of a country, one should look to the United States of America, one of the great democratic countries of the world, and the difference between what America does and what India does is not to the credit of India.

We have pressed in this Assembly that we should not cut down expenditure that is of a remunerative character. There is no question that expenditure on science and scientific research is of a most remunerative nature It must be in the knowledge of many that the tea industry of India owes its inception to the experimental work undertaken by the Botanical Gardens of Calcutta. The important work of the Forest Department and the Agricultural Department is greatly helped by the work undertaken by the Zoological Survey of India, and on this ground we should decline to reduce the grant.

The Scientific Departments dealing with Meteorology, Geology, Botany, Zoology and Archæology are Departments in which Indian scientists have already made a great reputation, and the Departments offer increasing opportunities for Indian gentlemen of scientific attainments to serve their country with advantage and benefit to the country.

Mr. H. Sharp : Sir, after what Mr. Spence has said, there is really very little left for me to say. Indeed, in one matter he rather took the wind out of my sails in mentioning the Mammal Survey carried out by the Bombay Natural History Society. I was going to specify that as an instance showing that we have a private society here doing a very important piece of work which we might expect to be done by our Archæological Survey. But the fact of the matter is that our surveys cannot be properly carried out. For, whatever be the reason, why it is proposed to make this reduction, I would point out that this is an absolutely starvation budget, and it has just occurred to me that possibly I might ask the Members of the Assembly—I do not wish to strain their arithmetical faculties at this stage on a rather sultry afternoon to turn the total into sterling—it is not difficult to do so at a 2 shillings rate of exchange. Even at that rate, it is incredible that you can properly run the Zoological Survey of a country like this, which is teeming in fascinating fauna, on this absolutely paltry sum. The pay of the men in the department is also extremely small. We had put before the Secretary of State proposals for raising their pay. The Secretary of State has not accepted them, not because he thinks them too high, but because of administrative reasons ; but he is granting them a percentage increase. This accounts for one of the lump provisions.

The only other considerable lump increase that I can find is for provision of certain special items, that is to say, to meet the cost of microscopes, of scientific instruments and also printing and so on, because of the very large increase of cost of all those things. I can only say that this Budget has already been pared down to the utmost. I trust my Honourable friend opposite will not press for a reduction.

Rao Bahadur T. Rangachariar: Sir, I did not want to press this motion, I merely wanted to give an opportunity to my Honourable friend to speak on the subject, and I therefore withdraw my motion.

The motion* was, by leave of the Assembly, withdrawn.

The Honourable the President : The question is :

'That a sum not exceeding Rs. 1,11,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st of March, 1922, for 'Zoological Survey'.'

The motion was adopted.

Mr. H. Sharp: Sir, I beg to move :

'That a sum not exceeding Rs. 14,55,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for 'Archæology'.'

Archæology.

CONSERVATION OF ANCIENT MONUMENTS.

Sir P. S. Sivaswamy Aiyer: Sir, I beg to move :

'That the sum of Rs. 8,70,000, appearing on page 126 against Conservation of Ancient Monuments, be reduced by Rs. 1,000.'

My object in proposing this small reduction is simply this, to bring it to the notice of the Government that the Madras Presidency has been very shabbily treated in the distribution of this Rs. 8,70,000. I see that Provinces nearer the Capital, like the United Provinces and Delhi, have got much larger slices of this Rs. 8,70,000, and that Madras, where we find the largest number of ancient temples and archæological monuments is allotted a sum of Rs. 54,000. That, I should have thought, was altogether inadequate to the needs of Madras. I may also mention another thing I have heard, and that is that in one of the Provinces the archæologist in charge refuses to carry out any work for the preservation of monuments which he personally would not be permitted by the authorities to enter. I do not know how far it is true, but I take this opportunity of bringing the information I have received to the notice of the Government. I do not think it is a correct principle to adopt that simply because a particular officer may not be permitted by the temple authorities to enter all parts of the temple, therefore it should not be the subject of preservation and care.

* *Vide* pre-page.

Another point I should like to bring to the notice of Government in this connection, is the need for regard for congruity in the restoration or preservation of ancient monuments. I have often found that ancient stone buildings have been repaired with iron and cement and a lot of stuff which was altogether inconsistent with the character of the building. In one place a stone lion was plastered all over with cement and painted over black or white. Attempts at restoration of this kind excite nothing but ridicule. I hope that the Department which is under the administration of a distinguished archæologist like Sir John Marshall will pay more attention to the need for the restoration and preservation of monuments in accordance with their original character and design.

There is one other claim which I wish to bring forward and press upon the attention of the Government, and it is this. In the Madras Presidency the Epigraphical Department has been at work for a large number of years and has collected an enormous number of inscriptions which have been deciphered and are all safely stowed away in the archives of the Department. It would be of great use to the public if a serious attempt were made to publish those inscriptions. Something has been done in that direction—a beginning has been made, but we would like to see the large mass of material which is in the possession of the epigraphists in the Madras Presidency, placed at the disposal of scholars and antiquarians. It is for the purpose of drawing attention to those needs of the Madras Presidency, and the importance of putting the inscriptions which have been collected with great pains, and the importance of preserving the numerous monuments which exist in the country, that I have felt it my duty to bring this motion before the House.

Mr. H. Sharp : Sir, when I first saw this Resolution, I thought it possible that there had been some slight misapprehension regarding this apparently large increase of Rs. 8,70,000. As a matter of fact, this only represents the expenditure which has, in the past, been paid by Local Governments. Archæology has become a central subject—though it always has been to some extent a subject under the care of the Government of India. As it is now declared a central subject, the Government of India has to pay for these things. This fact will perhaps interest the Assembly and it has some bearing on this Resolution. As soon as this arrangement was made we asked the various Local Governments to disclose the expenditure which devolved on them for the preservation of monuments, etc., and to let us know what it came to. The bill which they sent up came to Rs. 12,66,000 or slightly over. Knowing that we had a bad year before us, we cut it down to Rs 8,70,000. This was very carefully done, each item being examined, and though it is possible that some little inconvenience may be caused by this cutting down for this year, I hope it will not have any serious effect and that it will not have to be continued in other years, when the effect on some of the monuments certainly might be serious.

But my Honourable friend, Sir Sivaswamy Aiyer, has brought up his Resolution merely in order to point out how very little Madras is getting out of this.

Well, I cannot here and now go into the details of these estimates that were sent to us—these demands from the Local Governments. But I think it probable that the Local Government considered carefully their demand before sending it up; and its dimensions are such that, even if Madras along with the other Local Governments, had its demands proportionately cut down, I do not think that its demand can have been anything like so large as that, say, of the United Provinces, and I would suggest that my Honourable friend might perhaps take some opportunity of pointing this out to the Local Government.

I was very glad to hear those other criticisms made by Sir Sivaswamy Aiyer and the Department will certainly see that notice is taken of them. I do not know anything about the case which he cites regarding the officer entering all parts of a temple. That I can inquire into and I shall make a note of the fact. As regards the second point—the covering of certain statues over with incongruous cement, that is a matter about which the Department knows—I do not mean to say the particular instance which perhaps he will give me later—but it is a matter of general complaint that these things sometimes do happen owing to the men who are actually charged with the work of conservation not having any archæological training. Now, I should like to point out that we are taking steps—at present on a purely experimental basis - to cure that kind of thing. An item will be found on page 125—Conservation Assistants Rs. 7,200. That is a new charge. This experiment, which is going to be made in the United Provinces, in order to train men in charge of the actual operations and to secure that deserving lions are not plastered over with the wrong sort of plaster and so on. As regards the inscriptions, I cannot say exactly what is going to be done with the inscriptions in Madras or where they are going to be placed; but I can assure my Honourable friend that we are quite alive to the fact that epigraphy in Southern India has not had sufficient attention lately, and part of the lump provision for increase is, as a matter of fact, going to give us a better and more efficient body, a larger body, of officers to look after inscriptions, especially in Madras, and we have just received the sanction of the Secretary of State to that portion of the scheme.

That is all I have to say, Sir.

Mr. J. R. Pantulu Garu: Sir, an Honourable Member of this House remarked this morning that Madras is having more than its share of the time of the House. I do not say that he has not got some good grounds for making that charge but I plead entirely innocent and not guilty of any complicity in that offence. I have so far saved the House

the trouble of listening to any speech of mine. It is true that I made an attempt to speak the other day but that attempt failed, though through no fault of mine. If I wish to say a few words now, Sir, it is because I do really take great interest in the subject of this motion. The great epigraphist, Dr. Hultzsch, when he was the Government Epigraphist for India, used to ask his assistants when they returned from their annual tours whether during their tour they had come across any persons who were so mad as to take an interest in archæology and epigraphy when not paid for it.

I plead guilty, Sir, to being one of those mad men and my regret is that the number of my fellow lunatics is not much larger than it is.

Now, coming to the subject, Sir, I feel greatly relieved by the speech of the Honourable Sir Sivaswamy Aiyer. I find that what he meant was really to plead for larger expenditure on Archæology and not to cut it down. I admit that I felt somewhat uneasy when I found not less than three motions on the subject, all apparently intended to cut down the expenditure on the subject. I think, Sir, that if there is one Department more than another, in which excess of expenditure can be overlooked, that is Archæology. And that is for this reason. There is now a very strong feeling in the country that we should have very rapid national progress and we hear it discussed in newspapers, lectures, and platforms and we have evidence of it in this House as well as outside. Now, to ensure proper national progress, I think it is necessary that we should first have an adequate sense of national self-respect. I can conceive of nothing which would promote an adequate sense of national self-respect than a proper study of the history and the antiquities of the country. We, Sir, have hitherto neglected the subject far too much. Thanks to the partial, incomplete sort of education that we have been receiving, for a long time past, we have been too much accustomed to look to the West for light and leading in all matters, although we ought to have known that light more often comes from the East than from the West. Now, Sir, if we properly study our own antiquities and our own history which are written on stones and on metal plates, a good deal of which are buried under ground, I have no doubt that we will rapidly gain national self-respect. For these reasons, Sir, I am glad that no attempt is seriously made to cut down the expenditure on this subject. There is, however, one point on which I should like to have an explanation from Government. There is an item of Rs. 3,000 for purchase of antiquities. I hope, Sir, that this is not meant to be spent upon removing articles of archæological interest, such as are inscribed or sculptured slabs from their proper setting and their proper environment to any central place such as museums. I know this has sometimes been done, and I strongly object to that. Articles of archæological interest when removed from their original environment and setting loose a great deal of their historical and even their artistic value. We know that the great part of a Buddhist *stupa* at Amravati in the Guntur District, Madras Presidency, was long ago removed to England. I believe those slabs are now in the British Museum. They are known as the Elgin marbles, because they were removed during the time of the first Lord Elgin, Governor General, and they are known by his name. I have also seen several slabs from the same *stupa* and several other inscribed and sculptured stones removed from various places exhibited in the Madras Museum. If one desires to study these articles of archæological interest, he will be at a great disadvantage and will not really understand the historical value or the historical meaning that those articles were intended to convey, because they have been torn off from their proper places. I hope, Sir, that this money, though small in itself, is not intended to be spent upon any such act of vandalism as I have described, but is meant only for the purchase of copper plates which are sometimes discovered with private individuals.

Mr. T. V. Seshagiri Ayyar: Sir, I should like to say a word on this question of the way in which Madras has been treated. My friend, Sir P. S. Sivaswamy Aiyer has referred to it ; I take it that with its usual modesty the Madras Government asked for about Rs. 20,000, and a proportionate reduction was made when the Honourable the Finance Member found that as much as was asked for could not be given. Bengal perhaps asked for 2 lakhs, Bombay 3 lakhs, Madras for thousands, and then there was apparently a proportionate reduction in making the grant. That is what I expect to have happened. As a matter of fact, the largest amount of work has been done in Madras in this direction. There is a History Professor whom the University has appointed as regards Ancient History, and in consequence of many of the plates not being printed he is unable to make much progress with his work on the history of India, and especially of Southern India. I think I am correct in saying that most of these plates, which have been copied from inscriptions in temples, have been stored in Ootacamund lest they should deteriorate. They were placed in a cold place so that they might not deteriorate ; there are a large number of these plates still awaiting to be printed. Yet no money has been granted by the India Government for their printing. As I pointed out, it is very likely that because the Madras Government has not asked for as much as it should have asked, or has not been as immodest as the other Presidencies, it has been given only Rs. 54,000 as pointed out by Sir P. S. Sivaswamy Aiyer. I hope in making the reduction the principle of proportionate reduction has not been applied by the Government of India. I take it that if the Madras Government had asked for a big amount, and has not been given that sum, we may have no complaint, but if the Madras Government asked for a small amount, and even of that small amount a percentage reduction has been made, I must say that it is not fair to Madras ; I want to make this point clear to the Honourable Mr. Sharp.

Mr. J. Chaudhuri : Sir, I should be very sorry if the grant in respect of this department should in any way be curtailed. I may say for the information of my Honourable friend, Mr. Seshagiri Ayyar what we have been doing in Bengal is that we have been encouraging research students to do a great deal of voluntary work in this line. As a matter of fact, we find no provision here in this Budget, especially with regard to Bengal. What is being done in Bengal is to encourage graduates who have taken up historical studies to carry on their research work out of private funds, and they have now done a lot of very useful work. There is a society called Varendra Research Society in the constituency I represent, which receives help from our indigenous resources from the educated classes of the country, backed by a very cultured zamindar who is now unfortunately dead. These research students have made excavations and have unearthed very valuable relics, and if any gentleman is interested in archæology he might go and see the Museum at Rajshahi. If the Government of India would only give encouragement to our research students in every province that would not throw any appreciable burden on the Central Government, and a lot of archæological work might thus be done through voluntary agency, and very economically too.

I ask my Honourable friend in charge of the department to encourage this spirit of research amongst the educated classes of Indians. That will obviate much of our financial difficulties in this direction. I thoroughly support the demand made by my Honourable friend, Mr. Sharp, under this head and feel confident that it will be more largely utilised to promote research work in this line.

Mr. Wajid Hussain : I am afraid I cannot understand why my respected colleague, Sir Sivaswamy, and the other gentlemen from Madras have proposed a reduction in the grant under the head 'Archæology' simply because in their opinion Madras does not get as much as other provinces do. An explanation of this has been given by no less a person than an *ex*-Judge of the High Court, but perhaps there may be another explanation, that is to say, perhaps Madras does not possess as many monuments worth preserving as other parts of the country do.

(Cries of 'No.')

Or it may be that their claims were not properly put forward before the Imperial Government. Whatever may be the reason I do sincerely hope that there is not going to be a reduction of any kind under the head 'Archæology', because I am not the only Member of this House who feels very strongly that this is one of the most important departments of the Government of India. It is a department which is important not only from the antiquarian point of view and the æsthetic point of view, but also from the educational, artistic and historical points of view. It is important from the educational point of view because by reminding us of the glories of our ancestors and of their lives the protected monuments help to grow and foster what is beautiful and sublime in the lives of our young men. In this respect this Department is one of the most powerful machines for promoting the moral welfare of our young men. It is important from the historical point of view because the monuments help us to solve several riddles. It is important from the artistic point of view because this department helps the preservation of the ancient art of this country, and I should be very sorry indeed if any reduction were made in the budget for this department. There is no doubt that the antiquarian point of view is not regarded as the most important point of view in this matter-of-fact age when a great deal that is beautiful in Indian life and in Indian Art has been allowed to perish beneath the dull weight of Western institutions. But the rank and file of the Indian community still attach great importance to ancient monuments, and I hope that the point of view of the general public will be taken into consideration in deciding the matter and that a few gentlemen from Madras will not be allowed to have the matter decided as they want to have it decided. Sir, I do not think any advocacy from me or from anybody else is needed to impress upon the House the importance of this department. I think several Indians feel that by creating this department the Government have strengthened the ties of affection between them and the Government. Personally, I believe that, if all the marks which have been made by the British Government on the moral and material progress of this country were to be wiped off, this Department of Archæology alone would entitle the British Government to the everlasting gratitude of the Indian people. Under the new Reforms this department has been entrusted to this Assembly, and I should like the Assembly to realise its responsibilities in the matter. We are now the custodians of our archæological possessions, and, I think, we should rise to the height of our task and do something more than propose reductions in the Budget.

There is a feeling that the Department of Archæology can be treated with indifference. The obvious reason is that the crumbling walls of our monuments, the slabs of stone, the inanimate pillars of brick and mortar, have no voice and no votes. But it must be remembered that posterity, which will be vocal when we have ceased to be vocal, will have a verdict on our decision in this matter. As time rolls on and we are succeeded in this House by our children, and our children's children, they will learn with regret that the very first Parliament of a Government which is largely Indian thought of cutting down the expenditure under archæology. As a matter of fact, I think there are several monuments which should be brought under the Act, and which have not yet been brought under the Act, and I was looking forward to a large increase in the expenditure under the head Archæology. There is, for instance, the tomb and the temple of the great Baba Kabir Das, a saint respected

equally by Hindus and Muhammadans, which, I am sure, we would like to bring under the Ancient Monuments Act if funds permitted.

Anyhow, I do sincerely hope that the gentlemen from Madras will not be allowed to decide this matter, which is a matter of vital importance to our history, to our literature and to our civilisation.

Mr. Harchandrai Vishindas: I now move that the question be put.

The Honourable the President: I understand from the Honourable Member that he does not desire to press his motion.*

The motion was, by leave of the Assembly, withdrawn.

Mr. B. S. Kamat: Sir, I beg to move:

'That the provision of Rs. 8,70,000 for the conservation of ancient monuments be reduced to Rs. 6,00,000.'

I refer to page 126 of the Budget, somewhere on the middle of the page.

Unlike my friends from the Madras Presidency my object in moving this amendment is really to have a reduction of something like Rs. 2,70,000 in the item to provide for the conservation of ancient monuments.

Under ordinary circumstances, I would not have taken more than a minute over this item, but as a good deal has been made by my friends from the Madras Presidency about the value of archæology, I think it is necessary for me to detain this House for a couple of minutes. Sir, in normal times I would be the first man to support expenditure on the preservation of ancient monuments, and I really believe that the Government of India, as well as the Local Governments, are doing very good work indeed in trying to spend money in preserving the various monuments of this country. But what I feel is this: My friends from Madras, and even the Finance Department, seem to have forgotten that we are passing through times of economic stringency, and it is purely on those grounds that I am moving for a reduction of Rs. 2,70,000. The Members from the Madras Presidency have made it a complaint that they have not been well-treated in the matter of their temples and other monuments. But I take the liberty of controverting that statement by pointing out to them that in the year 1919-20 the expenditure on archæology in the Madras Presidency as shown in this Budget was Rs. 48,000 odd. This year, if this Budget is passed, so far as the Madras Presidency is concerned, they will get Rs. 62,000, as will be seen from the grand totals given at page 55; and out of this Rs. 62,000, Rs. 54,000 are earmarked specially for the conservation of monuments. Now, my objection to this particular item of Rs. 8,70,000 is this. If you scan the different columns, you will find this is a totally new idea this year. There is no corresponding item during the previous two years. Now, I believe that in an exceptional year like this and in a year of deficit there should not be introduced a new item of something like Rs. 8,70,000. I am unable to understand what this deputation of Sir Aurel Stein is. If it is anything like the visit of the American lecturer, then I think we can wait for the deputation to do its splendid work till better times come. I would also ask my friends from Madras to hold themselves in patience for twelve months.

There is one more point—a point which is in my favour and which I wish to lay before this House. I am not asking for the total omission of these Rs. 8,70,000. I wish to retain in the Budget something like Rs. 6,00,000 under this head, and if this is done then I believe it will satisfy my friends from Madras if this item of Rs. 2,70,000 which I wish to reduce could be spread over expenditure for the various Provinces. If this reduction of Rs. 2,70,000 is effected and the Madras people still want to go on with the preservation of their ancient monuments, surely it could be devised that their item of Rs. 54,000 should not be cut down; other Provinces, *e.g.*, the United Provinces, which is getting two lakhs odd—might be cut down instead. The reduction of the amount by Rs. 2,70,000 might thus be spread over the other Provinces and Madras could be satisfied. I therefore hope that the Assembly will accept my motion and give this deputation only six lakhs while also giving something to Madras.

Mr. J. R. Pantulu Garu: Sir, I hope the House will reject the Honourable Mr. Kamat's motion. I have already said that if there is one department where some excess expenditure or expenditure which some Members may consider to be in excess of actual requirements, may be overlooked or condoned, it is the department of archæology; and my friend from the major provinces has very strongly supported this view, and I hope that it will have due weight with the Members of this House. Well, Sir, the Honourable Member seems to think that we Members from Madras want to plead for a larger grant for Madras as if we think that the antiquities of Madras are more useful to the Madras people than to the rest of India. Antiquities, whether they are in Madras or in the United Provinces or in the Punjab or in Rawalpindi, are of equal importance to the whole of India, I should say, the whole of the civilised world. The antiquities of Taxilla and Nalanda, are they not quite as useful to the people of the Tinnevelly District as they are to the Punjab? And are they not as valuable to the people of England, Europe and America as they are to the people of the place where they are situated? It is not a Provincial question at all, it is a question of great importance to the whole of India, I should say the whole of the civilised country. That being the case, I hope this

* *Vide* page 244 of these Debates.

House will not take the view that we plead for more money for the preservation of monuments in a certain part of the country, that we do it because we belong to that particular part of the country.

I shall avail myself of this opportunity to say a word or two about the publication of inscriptions collected in the Madras Presidency, on which Sir P. S. Sivaswamy Aiyer made some remarks earlier in the debate. I was one of those persons that pressed this point, I mean the need for greater publication of inscriptions that are collected in the epigraphical department of the Government when the late Mr. V. Krishnaswami Iyer was an executive Member of that Government; and he took special interest in the subject and they went at some length into that matter, and I believe they have made some arrangements by which these inscriptions that are collected by the Madras Epigraphical Department will be published in larger numbers hereafter than has been the case hitherto. I believe the great difficulty with them is to secure competent persons to transcribe the inscriptions of which records have been taken. I know the Madras Presidency has done much more in the way of collecting inscriptions than any other part of India. That was probably because the Government Epigraphist has all along been in the Madras Presidency. We have got, Sir, an enormous number of inscriptions collected from different parts of the Presidency, and several of them have been transcribed, but the greatest difficulty in the matter of publication of inscriptions is to prepare correct transcripts. Very often the inscriptions that have been taken by the department are not always reliable; they have very often to be compared with the original inscriptions, the stone inscription at site. I know about a year ago my friend, Rao Bahadur R. Krishna Sastri who, I am glad to say, has now been appointed the Government Epigraphist for the whole of India, he spent a whole month or two at Dharaksharama in the Godavari district, verifying his transcripts by reference to the original inscriptions on the walls of the great temple there. So, I believe the great difficulty in pushing on with the publication of these inscriptions is to get properly trained men to prepare correct transcripts. The most scientific method of publishing inscriptions is that which was adopted in publishing them in the "Epigraphica Indica" which is the journal of the Epigraphical Department. I believe that method cannot be improved upon. If we do not follow this method, I believe we will have to wait for a century or more before we can see those inscriptions published. So what has been suggested in Madras is that a sort of interim publication of inscriptions should be made, *i. e.*, only correct transcripts with rough translations of those inscriptions should be published on the lines of the "Epigraphica Indica" series which the Mysore Government have issued. I hope, therefore, now that the subject has come under the notice of the Government of India, they will do their best to help the Government Epigraphist to push on the publication of his inscriptions, of which he has got several thousands in his office.

Mr. H. Sharp: Sir, may I, in the first place, take the opportunity of assuring the Honourable Member opposite, whose interest in archæology I rejoice to see, that there is no intention of committing any vandalism under the purchase of antiquities. It is true that certain interesting relics have had to be removed from the place where they lay; but that was long ago and that was done simply to preserve them from being looted by the people round to build houses, etc. I could give instances, such as the rail of the Amaravati *stupa*, which is in the Madras museum, and the famous Barhut rail which is in the Calcutta museum. May I also assure the Honourable Member that the purchase of antiquities is probably for the purpose of copper plates and manuscripts, and I dare say small objects of value which are found lying about in obscure places and have to be brought in to central museums and so forth so as to secure their preservation.

I can assure Mr. Sheshagiri Iyer that I shall speak to Sir John Marshall about what he says regarding inscriptions. I should like to point out here, as I have already said, that we are doing everything possible to improve the epigraphical work in Southern India, which is most important; and it has not been disregarded. Though I admit that owing to the war we could not do much in the past, we are going to try and do better now.

With reference to what Mr. Jogesh Chandra Chaudhuri said, the Government of India also have given money to research students, or rather for training students and bringing them up to research. I know that the Rajshahi Society is doing the most excellent work, but I do not know that it has approached the Government of India for scholarships. Possibly it would be a matter for the Local Government. But any way I would like to make one general remark in that matter, and that is, the Government of India have not got second sight and they cannot see all the requirements in the Provinces. As regards both Bengal, and also to some extent Madras, it is necessary that people should make themselves heard and that we should get estimates of the required expenditure in proper time. At the same time, I welcome all the remarks that have been made by the previous speakers.

Now to turn to Mr. Kamat, I do not think from the tenor of the speeches that we have heard to-day from my Honourable friend Chaudhuri Wajid Hussain and from the Madras Members, that his Resolution is going to meet with very much support. Moreover, I do not know whether he was here when I explained the matter as plainly as I could. Possibly he was not. But I repeat that this figure of Rs. 8,70,000 is a reduction by nearly Rs. 4 lakhs on the figures which were disclosed to us by the Local Governments. There is not a pice of new expenditure here. In fact, it is a reduction in the demands disclosed.

Can we possibly go further than reducing this by 4 lakhs ? Were we to do so, I must point out that we should run the gravest risk These monuments, many of which within the memory of those of us here, were in a most lamentable state and were lying open to the depredations of villagers as well as of the climate, have now for some years been properly preserved with very great care and at considerable price. Are we, by one or two years' neglect of these various monuments, to throw away the labour of all these years and all the money that Government, and private endeavour too, has spent upon them ? Why, it would be throwing away the priceless national heritage which India possesses in these most magnificent monuments. Is there a country in the world which has such splendid monuments as India possesses ? It would be a most grievous thing, and India as a whole would lay herself open to well deserved criticism if such a thing were done. I do not think that I need say more upon that matter.

There is a second point—that about Madras; and that, Sir, seems to be a misunderstanding on the part of Mr. Kamat which I will try to make clear. The fact of the matter is that the Madras figures, as put down here, refer to establishment and contingencies. The Madras and the Burma establishments used to be paid by the Madras and the Burma Governments. It is now, as part of the reforms, intended to pay for them from central revenues. But, owing to the lateness of this arrangement and the fact that they had been already budgetted for in the Provincial Budgets, it was not thought worth while to disturb the arrangements ; so the establishment and the contingencies are put down there, but not the conservation. The conservation is put down on page 126, not on page 127 nor 128, so that so far as that is concerned, there has been no increase.

There was one other point that he spoke about, and that was the deputation of Sir Aurel Stein. Well, that as a matter of fact, is Sir Aurel Stein's pay. It is called deputation allowance because he is on special duty, and therefore it is put down as deputation. That, I quite admit, was liable to some misunderstanding, but everyone here, I am sure, knows the distinguished name of Sir Aurel Stein, who has such a world-wide reputation and who has just brought out his new great book upon his discoveries among the desert cities and wild places of Central Asia. He is an officer of the Department and has been so for many years.

There was one other little point. It was suggested that Madras might still get their money if the amount for the United Provinces were reduced. I think if that were seriously pressed, we should have a very strong outcry from my friend Chaudhuri Wajid Hussain and from various other representatives of the United Provinces. What about Agra? What about the Taj, Fatehpore Sikri, Benares, Sarnath and many other places in the United Provinces? The United Provinces are rich in monuments, in archæological remains which require the most careful keeping up and which are visited by thousands and tens of thousands of people, both Indians and also people who come to this country specially to see them. I do not think that that would be acceptable at all either to the United Provinces Government or to its representatives here.

Well, Sir, I do not think that it is necessary for me to say anything more on this subject. I believe fully that the sense of this Assembly will not be in favour of any reduction, and I trust that I have now made things clear to Mr. Kamat and that he will not press his motion.

Mr. B. S. Kamat : I think, Sir, that it is the wish of almost everybody in this House that I should withdraw my motion, and with your permission I will do so in deference to my friends.

The motion* was, by leave of the Assembly, withdrawn.

Rao Bahadur T. Rangachariar: Sir, having regard to what my Honourable friend, Mr. Sharp, has told us, I think the best thing will be for me not to press the motion I had in the List of Business.

The Honourable the President: The question is :

'That a sum not exceeding Rs. 14,55,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of 'Archæology'.'

The motion was adopted.

The Honourable Sir Thomas Holland: Sir, I move :

'That a sum not exceeding Rs. 1,69,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of inspection of mines.'

Mines.

The motion was adopted.

Mr. H. Sharp: Sir, I beg to move :

'That a sum not exceeding Rs. 3,54,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for other 'Scientific Departments'.'

Other Scientific Departments.

* *Vide* page 248 of these Debates.

The motion was adopted.

Mr. H. Sharp: Sir, I beg to move :

'That a sum not exceeding Rs. 18,49,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of 'Education'.'

Education.

The motion was adopted.

Mr. S. P. O'Donnell: Sir, I beg to move :

That a sum not exceeding Rs. 16,24,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March, 1922, for 'Medical Services'.'

Medical Services.

GRANTS FOR MEDICAL PURPOSES.

Rao Bahadur T. Rangachariar: Sir, I beg to move :

'That the provision for grants for medical purposes of Rs. 6,28,300 under head Medical Services be reduced by Rs. 6 lakhs.'

My Resolution may appear extraordinary but I have moved it in order to meet an extraordinary procedure adopted by the Government. Time after time in the old Imperial Legislative Council the question of the Ayurvedic system of medicine has been discussed: Even so recently as last year the Council passed a Resolution that a grant be made to a very useful college here - the Tibbi College in Delhi. And my recollection is that that Resolution was passed by the Council last year. But I find a number of grants made to the various institutions imparting relief on the Western system, but not a single pie is provided for any of those institutions giving relief under the Yunani and Ayurvedic systems. I think, Sir, we have a very legitimate ground of complaint against the department in this matter. They have been quite unsympathetic in respect of these systems of medicine. I do not know why, along with the grants made to these institutions for encouraging Western systems of medicine, these were not encouraged. I should like to know why such grants are not made. I think, Sir, the population of this country is too large for providing medical relief to the people on the Western system. On the other hand, it is our duty to take advantage of the ancient systems of medicine and encourage them, and I do hope that some effort will be made, at least now that we are in the majority in this Assembly, to give effect to our wishes in this matter.

The Honourable Sir William Vincent: Sir, the Honourable Member has chosen, if I may say so, a somewhat drastic remedy in regard to this demand. He proposes, if he had his way, that the medical grants should be cut down by Rs. 6,00,000. But, knowing him, I am quite sure that what he intends really to do is to draw attention to the necessity of Government's giving some encouragement to the Yunani and Ayurvedic systems. And here I would like to correct one statement about our action last year. What happened last year in the Imperial Council was this. I was asked, I think, by Mr. Haroon Jaffer whether we would give a grant for the Ayurvedic and Tibbi Medical Institution in Delhi, and, having secured the reluctant consent of the Honourable the Finance Member, who was willing enough to give what he could, though not anxious to spend anything unnecessarily, I said that I would do so if a proper scheme was put before me —that is a scheme which I could submit to the scrutiny of the experts and of the Finance Department. And as I said in another place and say again now no man who was in any way responsible for the expenditure of public money could have demanded less than that. Well what happened after this? I waited a whole year and was quite prepared to make good my promise. It is not my fault that nothing was given. The head of the Ayurvedic and Tibbi Institute here—Hakim Ajmal Khan—for some reason or other refused to come up and ask me for any grant,—owing, I suppose, to his having joined the non-co-operation system. Well, I am not to be blamed if the Government does not offer to support with a grant of money an institution which is managed by persons who regard us as a Satanic Government and I am not at all sure whether, if I had offered the money, Mr. Ajmal Khan would have taken it. It is very doubtful to my mind whether he would; probably he would have refused it. Am I to be held to blame on this account? I hope that the Honourable Member, so far as this statement is concerned, will acquit Government of any blame. In so far as the merits of these systems are concerned, I hesitate to make any observations. I am told that in practice they prove very beneficial to many persons, whatever be the scientific basis for the treatment, and I know that the medicines and methods of these practitioners are much appreciated by Indians.

This grant, however, to which the Honourable Member referred, comes very largely from five minor administrations. We undertake no direct administration ourselves at all, and, if Honourable Members will look for one moment at this Demand on the table before them they will see that the Central Government, except the provision for the office of the Director General, Indian Medical Service, have little to do with the expenditure of the grant. The other demands come from Delhi, Ajmer, Baluchistan, and various small places. The amounts are mostly small.

However, I give an undertaking that if any of these Local Administrations come up to us with a reasonable scheme for a grant for medical treatment according to the systems under discussion, the Government of India will be quite ready to consider it sympathetically.

Rao Bahadur T. Rangachariar: With that assurance, Sir, I do not press my motion

The motion* was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is :

'That a sum not exceeding Rs. 16,24,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Medical Services'.'

The motion was adopted.

Mr. H. Sharp: Sir, I beg to move :

'That a sum not exceeding Rs. 11,34,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending 31st day of March, 1922, for 'Public Health'.'

Public Health.

Rai Sahib Lakshmi Narayan Lal: Sir, on page . . . .

Rao Bahadur T. Rangachariar: May I rise to a point of order, Sir? This motion is not printed on the agenda for to-day.

The Honourable the President: The time-limit for notices of motion was deliberately suspended by the Chair for the convenience of the Assembly. In accordance with the decision given by the Chair, the Honourable Member whom I have called upon gave the necessary notice, but owing to the fact that the Assembly desired a relaxation of the rules, we have not had time to circulate the motion in a printed form. I leave it to the Assembly to settle with the Finance Member how far they are prepared to go to-day.

Sir Jamsetjee Jeejeebhoy: I do not see why notice is required. Sir, All these amendments are on the same lines, and if the Honourable Member will move it now, we will be in the same position as if it were printed and placed on the table.

The Honourable the President: The motion that the Honourable Member has to move is :

'That the provision Rs. 88,500 for Local Funds, Delhi, on page 149, be reduced to Rs. 44,250.'

LOCAL FUNDS, DELHI.

Rai Sahib Lakshmi Narayan Lal: Sir, I beg to move :—

'That the provision of Rs. 88,500 for Local Funds, Delhi, be reduced to Rs. 44,250.'

For Local Funds, Delhi, a sum of Rs. 88,500 has been provided. It was Rs. 29,850 in 1919-20. In 1920-21 it came to Rs. 55,000. The Revised Estimate for 1920-21 came to Rs. 1,18,000. But though that Revised Budget figure has not been asked for it has been kept at Rs. 88,500. No doubt, in my humble opinion, Public Health is a most important subject, over which money can be spent; it is at least as important as the military item, if not more important than that. What can a strong army do if the people are swept away like flies by epidemics, as is the case, almost every year, in India?

The Honourable Members must be aware that the Ministry of Health, London, has furnished a grave warning that there is a fear of an epidemic of influenza again just like what it was in 1918 and 1919, and this was the subject of my question, before this House, the other day. In reply it was said that, for want of money, nothing worth the name could be done. Instead of making any provision for such a serious matter, I am sorry to find, that more provision has been made here, than in previous years, under this head. I hope that the Honourable Members will agree that this item should be kept as it was in previous years at least. I have moved a motion :

'That it should be half the amount, that is, instead of 88,500 it should 44,250'.

Regarding the indigenous treatment, it has been already dealt with by an Honourable Member in connection with the other subject (that is, Medical). I have to say only one word about that. The Ministry of Health has said that influenza is a mystery disease according to allopathic doctors, therefore, it is a fit case in which the Unani and Ayurvedic doctors and experts should be put to the test whether in their own country, according to their own systems, they can do anything to save their people or not. I hope that the Honourable Members will support my motion.

Mr. H. Sharp: Sir, while I was listening to the speech of the Mover of this Resolution I really was not quite sure whether he was supporting his motion or going against it. I rather thought the latter, because he definitely seemed to be calling for larger grants for sanitation in India. Because we are giving some money to Delhi, that is no reason why we should be cutting down the general provision for India, nor certainly are we doing so. We have made such provision as we can against a fresh attack of influenza and in other directions.

The Honourable Member brought in the question of Ayurvedic and Unani medicine. I am not quite sure whether it was quite in order with reference to this Resolution

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* *Vide* pre-page 252.

and I do not propose to touch on it. I propose now merely to address myself to the actual Resolution as put forward, that is, the cutting down of this provision of Rs. 88,500 for Local Funds, Delhi, and its reduction to a lower sum. In speaking about Delhi, I naturally feel some diffidence, because I am dealing with local matters, with the details of which one is not always fully familiar. If I go wrong, the Honourable Mr. Hailey, who has great knowledge of this subject, will be able to correct me. Delhi is one of those cases where we have to support a small administration which is not fully able to support itself.

It may seem to some that we are giving too large an amount to Delhi. If that is so, all I can say is that it is so because the Government of India are very solicitous for the welfare, health and comfort of this Assembly and of the Council of State and of the other distinguished personages who occasionally come to Delhi. But I doubt, Sir, whether the sum really is so very large. I must go into a little detail, but it will not take me very long. This sum of Rs. 88,500 consists in the first place of normal grants—Rs. 50,000 for general purposes of sanitation and Rs. 5,000 for rural sanitation. But last year the Chief Commissioner came up with a very large number of special schemes, many of them being of an extremely urgent nature. The cost of these schemes totalled over 3 lakhs of rupees, namely, Rs. 2,55,000 for works under the municipality and Rs. 51,500 for special works of rural sanitation. I can assure my Honourable friend that we did not treat the Chief Commissioner nearly so kindly as he had hoped. We cut out a lot of these schemes and we gave him only Rs. 80,500, of which we are giving Rs. 50,000 this year and we propose, if this Assembly does not stop us, as I hope it will not stop us, giving Rs. 30,000 next year. Well, the Honourable Member drew a comparison between the accounts of 1919-20 and this very large sum apparently of Rs. 88,500 during the current year. But it has to be remembered that this large item to which I have just referred is of the nature of a special grant for special works and it will not be a recurring grant, at least so far as I am aware. Now as regards these works, I can show them to the Honourable Member. I have got a list of them. I am not going to trouble the Assembly with them, because, if I merely read them out, I should far exceed the time-limit. But I will show them to the Honourable Member some time if he desires it. These works are of an emergent nature ; and moreover, as they have already been begun, it surely would be an unbusinesslike proceeding, if, having given part of the grant this year, we were to shut them down and stop them and probably waste a lot of the work that has been done during the forthcoming year. I hope that possibly in the light of these explanations the Honourable Mover will not press this amendment. I think that it is really not too much to give ; and I might just mention that the sum below, Rs. 24,000, which is put down for sanitary improvements in Delhi is not correctly described. It does not belong to Delhi. A part might go to Delhi but it goes to other municipalities as well.

Rai Sahib Lakshimi Narayan Lal : After what has been said on behalf of the Government and seeing also that the sum budgetted is less than the estimated revised estimate of last year, I shall withdraw my amendment.

The motion* was, by leave of the Assembly, withdrawn.

CENTRAL HEALTH BOARD, DELHI.

Rai Sahib Lakshmi Narayan Lal : Sir, my next motion is :

'That the provision of Rs. 50,000 for the Central Health Board, Delhi, be omitted.'

On page 149, Honourable Members will find a provision for Rs. 50,000 for the Central Health Board, Delhi. This is entirely a new item. We are dealing with a very bad year, a year of huge deficit leading to heavy fresh taxation which will not fail to touch the pockets of the poor dumb millions who do not know how to make both ends meet. No doubt there are many ambitious schemes before the Government and before this House, but the question is whether, in such a year, when the Budget itself is based on the hope that the future monsoon may prove more hopeful and more favourable, we, Sir, as practical men in pecuniary questions should trust the future, however pleasant it may be, it is just possible that, if we go on initiating new schemes, we may be put to further difficulties, which we are not foreseeing. So, in my opinion, this new scheme should not be started and may be safely postponed for this year. Whatever I have said before in regard to the other motion, applies, *a fortiori* to this also ; but I should like to curtail my speech because I am asking the Government to curtail the expenditure.

Mr. R. A. Spence: Sir, in view of the importance of this subject to Delhi, I move: *

'That the consideration of this question be adjourned until such time as the Member for Delhi can be present and speak about it.'

Sir P. S. Sivaswamy Aiyer: Sir, if I am in order, I beg to move an adjournment of the House till 11 A.M., on Monday, the 14th. At this time we are hardly in a condition to resist the demands of Government.

The Honourable the President: Seeing that the Honourable Member has shown the weakness of his position, he had better come to terms with the Honourable the Finance Member before making his motion. I do not know whether he has already done so.

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* *Vide* pre-page 253.

The Honourable Mr. W. M. Hailey: I am willing to do anything to meet the convenience of the Houses the more so, as I am glad I think we have now made sufficient progress to enable us to get through our remaining work in time without undue haste.

Mr. Harchandrai Vishindas: I move that the question be now put.

The Honourable the President: The question is:

'That the provision of Rs. 50,000 for the Central Board, Delhi, be omitted.'

The *motion was negatived.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 11,34,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for 'Public Health'.'

The †motion was adopted.

The Assembly then adjourned till Monday, the 14th March 1921.

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* *Vide* page 253 of these Debates.

† *Vide* page 252 of these Debates.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Monday, 14th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—LIST OF DEMANDS -*contd.*

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

Mr. J. Hullah: Sir, I move :

'That a sum not exceeding Rs. 7,50,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending 31st March 1922 for 'Agriculture'.'

Agriculture.

GAZETTED STAFF AT PUSA.

Rai Sahib Lakshmi Narayan Lal: Sir, the motion which stands in my name is :

'That the lump provision for gazetted staff at Pusa (page 152) be omitted.'

Honourable Members will find that this is a new item and that for 'this lump provision for gazetted staff at Pusa', two amounts, one of Rs. 40,000 and the other of Rs. 18,820, have been provided and there is no explanation whatever in respect of the latter ; my motion relating, as it does, to one of the items only and that even for the smaller amount, is very modest. The remaining amount of Rs. 40,000 may be so managed as to meet all the necessary requirements under this head. We are not only badly in want of money but we also sadly stand in need of sufficient funds for initiating important agricultural and industrial schemes which are very essential for the improvement of the economic condition of the country—the safest and surest means of making labour sufficiently cheap and efficient by reducing the cost of living and strengthening the hands for striking a fatal blow at the very root of the causes of several strikes that are seriously threatening in certain important quarters. The report on the progress of agriculture in India for 1918-19 (page 133) says : 'that the scheme for the investigation of cattle-breeding and of the dairying industry in India, as recommended by the Board of Agriculture in India, 1916 (the initial cost of which is estimated at Rs. 2,22,000 and the net recurring expenditure at Rs. 1,68,446 per annum) has recently been sanctioned by the Secretary of State for India,—in outline the scheme provides for an organization which working over the material provided by the Military Dairy Farms will undertake breeding operations designed to improve the milking qualities of Indian cattle and will at the same time inaugurate systematic education in dairying by opening dairying schools.' The whole question including animal nutrition problem will now receive due attention from an Imperial point of view—the scheme has as its object the encouragement of local efforts in this direction. Although a sum of Rs. 1,00,000 was provided for cattle breeding and dairying in India in 1920-21, I find, to my greatest regret, and I trust Honourable Members will join me in expressing this regret, that not a single pice has been provided for this most important scheme of agricultural improvement. We are to provide for three possible evils in the country, (1) War, (2) Famine, and (3) Pestilence, and without making adequate provisions for cattle breeding and dairying in India, it is next to impossible permanently to remove to any appreciable extent the last two evils and I may venture to add even the first inasmuch as the majority of the Indian Army consists of Indian soldiers who can be locally recruited in sufficiently large numbers in time of emergency without any prohibitive cost and whose utility has been proved, beyond doubt, in the last world wide war by the bravery of those gallant Indian soldiers who, at present, adorn the Indian Army but strong and brave men like whom cannot be continued to be supplied in sufficient numbers, if India will be left to become weaker and weaker by famine and pestilence which are sucking the very life blood of the masses and classes from which these soldiers are recruited.

After the dawn of Swaraj, the Government, in its own interests, should not follow the policy of that cultivator who cares a good deal for fencing his holding, for good ploughs and for good bullocks but not so much for good manure, and good seed nor for cr op and cattle diseases with the inevitable result of bad outturn leading to heavy deficit and the land becoming, in course of time, incapable of producing anything whatever.

All the projects for the development of agriculture and industry are so many seeds for the growth of a strong nation—so essential for the recruitment of efficient men in sufficient numbers for the military as well as civil purposes without which it is impossible to maintain an efficient administration. In fact it is at least as difficult to carry on the administration even

at its present level of efficiency with our credit impaired as with the vitality of our people weakened from within. A wise poet has long ago seriously warned us that 'A bold peasantry if once destroyed has never been and can never be supplied'. With these few words I move this amendment and hope that Honourable Members will support me wholeheartedly.

Mr. J. Hullah: Sir, I was under the impression that under the compromise which was reached on the first day of the discussion of the demands, these lump provisions would be left for consideration by the Finance Committee, but since this motion has been brought, I will give the House some details in anticipation of the submission of the scheme to that Committee. The lump provision is made up of three items, all for expenditure at Pusa. Firstly, the revision of the pay of our Class II Agricultural service; secondly, a provision for three new appointments in that service; and, thirdly, for a revision of the pay of the Electrical Engineer.

The men who fill these Class II appointments are altogether 8 in number. There are two Assistants in the chemical section, one in the Antomological section, one in the Bacteriological section, one in the Mycological section, two in the general Agricultural and Cattle-breeding section, and one in the Indigo section. They are picked men with qualifications equal, or somewhat superior to those which are required for admission to the provincial agricultural service. Now, the Public Services Commission investigated the conditions of service not only of the Imperial but also of the provincial services, but they did not look into the conditions of pay of these Class II men at Pusa who are, as I have said, if anything, somewhat superior in their qualifications to the average member of the provincial service, and it is hardly fair, we think, that these men should be left out in the cold when the pay of nearly everybody else has been revised and somewhat increased on account of the cost of living. We, therefore, submitted to the Secretary of State a scheme to pay them at a rate slightly superior to that paid to the members of the provincial agricultural service, and he has sanctioned that scheme. In future, the rate of pay will be Rs. 250 a month during the period of probation, and thereafter the men will rise gradually from Rs. 300 to Rs. 800 in their 27th year of service. That accounts for about Rs. 9,000 of the total provision of Rs. 18,000 and odd which appears in the Budget.

Then, as I have said, we wish to add three new appointments of the same kind, and here I have to inform the Assembly that we propose to make Pusa a first class agricultural educational institution. The Public Services Commission recommended that the Imperial Agricultural Service should be almost wholly indianised, and we are doing our level best to get Indians into that service. We have, as a matter of fact, during the last 14 months obtained 7 men, but it is very difficult indeed, owing to the absence of facilities in India at present, to obtain a first class scientific agricultural education. Practically, if an Indian wishes to enter the Imperial Service, he must go either to the United Kingdom or to America to get the necessary qualifications, and we, with the approval of the Secretary of State, intend to provide those qualifications at Pusa. This will necessitate some increase of the Imperial staff at Pusa, and provision to a certain extent has been made in the Budget by putting in a sum of Rs. 40,000 to which the Honourable Member has alluded in his speech. But it will also mean that the new Imperial men and the existing Imperial men will have to work not only, as at present, on research, but will also have to perform teaching functions, and in order to give them time to do so, they will need assistants for their research. They have, as I have explained, already 8 Assistants, and we propose to give them three more. We propose to give the Botanist one assistant; there will be an assistant for a biological chemist who will be recruited and there will also be an assistant for the physiological chemist, for whom we have provided in the Budget, and who is required in connection with our cattle-breeding scheme. That accounts approximately for another Rs. 9,000 out of Rs. 18,000 and odd.

Thirdly, we have revised the pay of the Electrical Engineer. His pay at present is Rs. 300 rising to Rs. 500. We have put him on the same scale of pay as the Class II men at Pusa, that is to say, he will rise to Rs. 800. The cost of that change next year will be Rs. 720. I have now accounted for a sum of Rs. 18,720, and I hope the Assembly will pass the provision that we have made.

I do not propose to enter into a general discussion of the progress that we ought to be making in agriculture, as the Honourable Member who brought the motion was inclined to do; but I will say, with reference to his remarks on cattle breeding, and in supplement of what I said in reply to a question this morning that we wished to make provision for a dairy farm this year at Lucknow, the cost of which would have been about Rs. 1½ lakhs, but unfortunately this provision was crowded out on account of financial considerations.

The Honourable the President: The question is, that the reduction* be made.

The motion was negatived.

AGRICULTURAL AND VETERINARY PERIODICALS AND JOURNALS.

Mr. S. C. Shahani: Sir, the motion that stands in my name is :

'That the provision of Rs. 40,000 for the publication of Agricultural and Veterinary periodicals and journals be reduced to Rs. 25,000.'

* *Vide* page 255 of these Debates.

In moving this, I beg to point out, that a very small provision has been made for the purchase of Agricultural and Veterinary journals and periodicals, that is to say, only Rs. 3,000 have been provided, which appears to me to be extremely disproportionate. I feel that no research work could be adequately done without books and periodicals. I therefore propose, because I have not the power to propose an increase in any item, that the amount which is intended to be spent upon the publication of periodicals of the Agricultural and Veterinary Departments be reduced from Rs. 40,000 to Rs. 25,000. My object is, that the sum which is to be devoted to the purchase of books be increased.

Mr. J. Hullah: Sir, I fully appreciate the importance of a proper supply of books and periodicals, but I hope that after hearing what I have to say, the Honourable Member will be convinced that the matter of publishing the results of our own efforts is at least as important, and even more important. The increase in the provision which we have made this year for publication, is due to two causes. Firstly, the largely enhanced cost of printing and paper, and secondly, the rise in the number of our publications. The publications concerned are the Agricultural Journal of India, the Scientific Memoirs which we publish, our bulletins, the Pusa Report, our Annual Review of Operations, our Annual Report on Muktesar, the proceedings of the Board of Agriculture, and the proceedings of the Sectional Conferences on which are held from time to time on Entomology, Mycology, Agricultural Chemistry, Veterinary Science, and so forth. In addition, there are a certain number of miscellaneous publications.

Now, the two most expensive of our publications are the *Agricultural Journal of India* and our *Scientific Memoirs*. These are very well got up and we have them printed by a private firm, the illustrations of which there are a good many being entrusted to another private firm, and we have been informed that since 1912 the rates for printing have gone up from Rs. 5-12-0 a page for an issue of 2,000 copies to Rs. 14-2-0. In addition, out of this grant has to be supplied the cost of postage of the publications to those persons, Societies, libraries, Governments and so forth who are on the free list. I may also mention that the *Agricultural Journal of India*, which was formerly published quarterly, is now published every two months. I am myself inclined to think that the provision that we have made will be insufficient, especially as we have laid down the condition that if the Agricultural Adviser wishes to employ any additional staff in the matter of publishing these periodicals he will have to find the cost of that staff out of the grant that we have made.

Now, if we reduce this provision, two courses are open to us. Firstly, we must reduce the quality of the paper that we use and the general appearance of our best periodicals, or, secondly, we must curtail the free list and the distribution list for sale. Not many days ago, the House showed marked approval, I think, of the efforts of Government to secure greater publicity for its actions and its measures. I take it, that that approval was not confined only to political matters, but also extends to our efforts to let the public know what we are doing in what I may call our scientific and development departments; and one thing that the Publicity Branch has told us is, that if we want the public to read our effusions we must make them readable, and that we must reform not only their substance but also their appearance. They must be well got up and generally attractive to the public. I think that in the Agricultural Department we have fairly satisfied that requirement. Our *Memoirs*, of which I have a copy here, are printed on excellent glazed paper: the printing is excellent, and they are full of very good illustrations. I hope the House will not require us to introduce any deterioration in the appearance and quality of such publications as we issue.

Secondly, I think it is equally undesirable to cut down our distribution list, whether that is the free list of scientific libraries, institutions, universities, Local Governments, and so forth, or whether it is the list for sale to the public. We should like to see our publications on every bookstall, and we should like to see people buying them. Further, to cut down your distribution list will not effect much economy, because, as everybody knows, the cost of a publication lies mainly in the initial operation of setting it up and printing it, and any increase in the number of copies issued results in a comparatively small increase of cost. I hope the House will allow this provision to stand.

Mr. R. A. Spence: Sir, the Honourable Member, in replying, has not given us the assurance which was asked for, namely, that a little more money might be spent on the purchase of these books and periodicals which are so necessary. The Member who moved this reduction did not mean to attack the money spent on publishing periodicals, which are badly wanted, but he did ask for an assurance that a little more money should be spent on the books and periodicals required for the use of the Agricultural Department. That is what I think several of us in this House would like to have an assurance on.

The Honourable Mr. W. M. Hailey: Sir, I would like to point out that there is another small sum in the Budget Estimate for this purpose under a detailed head, amounting to Rs. 1,250, which brings the total up to Rs. 4,250. But as certain Members of the House consider this to be inadequate, we certainly shall,—if the House will leave in our hands any reserve at all at the end of the day and will not deprive us of any provision made under that head—we certainly shall increase the provision for the purchase of books and publications.

Mr. S. C. Shahani: Sir, I beg to withdraw my motion.*

The motion was, by leave of the Assembly, withdrawn.

* *Vide* page 256 of these Debates.

PROVISION FOR GRANTS TO TEA.

Mr. S. C. Shahani: Sir, I also move:

'That the provision that is made for grants to tea be omitted',

and my reasons for moving this motion are, that in the first place, I have not been able to understand why these grants are made, and, in the second place, if these grants are intended to be in the nature of bounties, there are other industries which are more worthy of these grants, for instance, the cultivation of long staple cotton in Sind. I take it that the industry of tea is fairly well advanced. If it is, there is absolutely no reason why, in the interests of the Empire, the cultivation of cotton which is needed all the world over, cotton like the American Triumph or the Egyptian Metaffiffi or Abasi, varieties which have been tried with considerable success in Sind, should not be encouraged.

Mr. J. Hullah: Sir, this is a long standing provision. The grant of Rs. 15,000 to the Indian Tea Association was renewed for a period of 5 years in 1916. That period comes to an end at the end of this month, and a similar grant has provisionally been put into the Budget for next year. The Government of India have not yet considered whether the grant shall be given and they will investigate what work has been done and what amounts of expenditure on scientific research in connection with the tea industry was contributed by the tea industry itself. When the grant was renewed 5 years ago, we were informed that the contribution of the industry had risen from 50 per cent. to 65½ per cent. of the whole, and I do not think that the present moment, when we all know that the tea industry is in an exceedingly bad way, is a very opportune one for negativing this grant without consideration. But, as I have said, the Government of India, before renewing the grant, will investigate the manner in which it has been spent in the past and the need that exists for its renewal. They are also prepared to place the matter before the Finance Committee before passing definite orders for the renewal of the grant.

The motion was negatived.

SECOND IMPERIAL ECONOMIC BOTANIST.

Mr. S. C. Shahani: Sir, I next move:

'That the provision for the post of Second Imperial Economic Botanist be omitted.'

Mr. J. Hullah: May I rise to a point of order? That provision was not included in the demand and it is, in fact, non-votable. I am certainly prepared to explain, if the Honourable Member so desires, what this provision is required for, but since it appears that it cannot be put to the vote I think I should be wasting time which might otherwise be employed on demands that are votable.

Mr. S. C. Shahani: Sir, even if it is non-votable, perhaps I may be allowed to give my reasons for this motion. I may suggest improvements which may find favour with the whole House.

The Honourable the President: Since it is a non-votable item, the Honourable Member's motion for reduction has found its way on the paper* by mistake. The same applies to the next motion.

ENTERTAINMENT OF VISITORS.

Rao Bahadur T. Rangachariar: Sir, I should like a piece of information. May I have an explanation as to the entry on page 152 regarding entertainment of visitors?

Mr. J. Hullah: That is a provision for the entertainment of visitors at the biennial meeting of the Board of Agriculture which will be held in the course of the next financial year at Pusa.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 7,50,000 may be granted to the Governor General in Council to defray the expenses which will come in course of payment during the year ending the 31st March 1922, in respect of "Agriculture."'

The motion was adopted.

Mr. J. Hullah: I move, Sir:

'That a sum not exceeding Rs. 5,87,000 be granted to the Governor General in Council to defray the expenses which will come in course of payment during the year ending the 31st March 1922, in respect of "Civil Veterinary Services".'

Civil Veterinary Services.

VETERINARY DEPUTY SUPERINTENDENTS.

Mr. K. G. Bagde: Sir, I beg to move the motion standing in my name and which runs as follows:

'That the provision of Rs. 11,290 for "Veterinary Deputy Superintendents" (at page 161) be reduced by Rs. 8,000.'

*List of Business.

The reason for my proposal will be clear to Honourable Members of this House if they will refer to page 161. There is one post of Veterinary Deputy Superintendent and in the item in question you will find that the minimum and maximum of the pay of this post are given as Rs. 250 and Rs. 350, respectively. Now making the calculation at the higher rate, we arrive at the figure of Rs. 4,200 per annum. According to my own method I have calculated at the rate of Rs. 274 and a few annas a month and arrived at the figure Rs. 3,290. Deduct that from the provision and you get the balance of Rs. 8,000 and that balance we can conveniently save without any detrimental effect to the working of this Department. With these remarks, I request this House to accept my proposal.

Mr. J. Hullah: Although only one Deputy Superintendent is shown as employed next year, the amount includes provision for a Deputy Superintendent employed in the inoculation of cattle at the military dairy farms. Since the Budget was first prepared, it has been decided to transfer this work to the Army Veterinary Department and provision has been made in the military estimates. The provision under discussion is therefore too large. The one Deputy Superintendent is on pay of Rs. 300, which will rise to Rs. 310 in July and the amount required for his salary will be Rs. 3,680. The difference is Rs. 7,610 and I agree to a reduction of the provision by Rs. 7,610 if that will meet the Honourable Member.

The Honourable the President: The question is:

'That in the amendment the figures 7,610 be substituted for 8,000'.

The motion was adopted.

The Honourable the President: The question is, that the reduction be made.

The motion was adopted.

FRESH CHARGES.

Mr. K. G. Bagde: The next proposal that stands in my name reads thus:

'That the provision of Rs. 26,500 for 'fresh charge' (page 163) be reduced by Rs. 20,000.'

Sir, this is a very bad year from the financial point of view, and all the Honourable Members here are agreed on this point. So it is our duty to effect as much reduction as possible. We are faced with a staggering deficit of over 18 crores of rupees. I admit, that it must be our duty to see, that in effecting any reduction, we do not reduce the efficiency of the administration. Now, the item to which I refer will show that Rs. 26,500 are proposed to be spent on 'fresh charge.' It forms one of the parts of the whole item of Rs. 38,000. In that item we also find there is a provision of Rs. 8,000 for purchase of 'medicines' and a provision of Rs. 3,500 for 'miscellaneous.' Now, when there is this provision, I do not see the reason why an additional expense of Rs. 26,500 should be undertaken, when we know that the year in question is financially very bad. I, therefore, propose that this reduction should be made and I request the Assembly to support the proposal that I am making.

Mr. J. Hullah: I admit, Sir, that this item 'fresh charge' is rather vague and gives the Assembly no idea of the manner in which it is proposed to spend the money. If Honourable Members will look a little further up the page, they will see in black italics ***'One Superintendent, Civil Veterinary Department, Baluchistan'***, and that is a new provision. The fresh charge is in connection with that appointment. At present a single Superintendent is in charge of the enormous area of Sind, Baluchistan, and Rajputana, and we, therefore, propose to give Baluchistan a separate Superintendent. He will need an office, clerks, provision of contingencies, and travelling allowance, and, therefore, a lump provision has been asked for of Rs. 20,500 for these purposes. Rupees 6,000 remain over and represent another lump provision for the revision of the pay of the subordinate veterinary staff in Baluchistan. At present the staff is very small and, by reason of the lack of superintendence, not very efficient. These lump provisions will be included in those which will go before the Finance Committee.

Mr. K. G. Bagde: I withdraw my proposal, Sir, as the question is going to be included among the lump proposals that are to be referred to the Finance Committee.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 5,79,390 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of the 'Civil Veterinary Services'.'

The motion was adopted.

The Honourable Sir Thomas Holland: I beg to move, Sir:

'That a sum not exceeding Rs. 6,43,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Industries'.'

Industries.

MANAGER, ACETONE FACTORY, NASIK.

Mr. S. C. Shahani: Sir, I propose:

'That the provision made for the appointment of a Manager in the Acetone Factory, Nasik, be omitted.'

And my reasons are that the duties to be performed by this Manager could easily be done by the Superintendent, who draws a large salary of Rs. 1,250. If we do away with the appointment of a Manager, we shall be better able to provide for the chemists that are required to work in the factory. We find that these poor chemists draw very small monthly salaries. The clerks of the Dairy Expert in the Dairy which is to be started at Lucknow are to get as much as Rs. 150 to 250 a month. In this new Factory that is proposed to be started at Nasik, even a Superintendent will draw about Rs. 200 a month. Surely, if a Superintendent or a clerk can draw salaries, such as I have mentioned, Chemists should be deemed entitled to better salaries. Chemists, I suppose, will be the men whose work will be chiefly required in the factory and it is but reasonable that their salaries should be improved.

Mr. Harchandrai Vishindas: Might I, Sir, ask the Honourable Member for Industries to make one point clear. It appears that this industry is being started afresh. If that is so, why do the columns about revised estimates show certain figures—Rs. 4,75,000? Does it mean that this was budgeted for in the previous year but that the factory could not materialize and so there was no expenditure?

Mr. R. A. Spence: Coming from Bombay, Sir, I too should like to ask if the Honourable Member in charge of this Department could give us some information about this big factory—Acetone Factory at Nasik, which was started for war purposes—as to whether it is going to be continued solely for providing the military with the necessary acetone or whether it is going to be used for the commercial benefit of India as well.

The Honourable Sir Thomas Holland: I will try to deal first, Sir, with the subject of the motion and afterwards with the accessory questions which have been introduced. The Honourable Member who moves this motion suggests that the work of the Manager might well be done by the Superintendent, and that the money so saved by deleting the Manager might be devoted to an improvement in the pay of the Chemists. He told us that the pay of the Chemists was only Rs. 125 and, therefore, less than that of the senior clerks. I am afraid, that he has not told us the whole story about the Chemists, because there are three Chemists, the lowest on Rs. 125, the next on Rs. 200 and the third on Rs. 250. If this House had the power to raise the grants as well as to cut them down, I should have had no hesitation whatever in proposing an increase in the pay of these young Chemists. They are as a matter of fact very junior Chemists who are largely in course of training, and it would not be fair to them or to the factory to utilise them instead of the officer referred to here as the Manager. The name 'Manager' has a slightly different meaning in the Acetone Factory from the meaning adopted in most ordinary factories. The Manager here is a highly specialised Bacteriologist. The whole process adopted at the factory is a purely bacteriological one. Instead of having machinery at work we have very low forms of organisms, and these organisms require a great deal of controlling, much more than either machinery or ordinary workmen. They can only be controlled by a real expert of a very highly specialised nature. The process adopted there is the transformation of the starch in any grain into acetone with butyl alcohol and certain gaseous by-products. Now, the ferment is an extremely delicate one and on the slightest misunderstanding goes in for non-co-operation. Sometimes this takes a passive form as regards the main ferment when it refuses to produce acetone at all. But there are hosts of other low forms of life that are not so intelligent and that are not under the control of the main ferment, and they, when anything goes wrong with the works, take to non-co-operation in a violent form. They give rise then to a large quantity of very useless products mostly in the gaseous form. For the sterilization that is adopted there, to give one an idea of how delicate the process is, ordinary boiling is not of the slightest use, and the sterilization has to be undertaken at a very high temperature under high steam pressure. The question arises then as to when the sterilization is really complete, and that is the business of the Manager. He is the man to examine the bacteriological products in order to be quite sure that the factory is going to turn out its best. Our specialists at Nasik have been most unusually successful. I have watched the process during the past 2 or 3 years with the very greatest care. We had endless trouble to start with, but during the last year there has been a very great deal of improvement due very largely indeed to this Manager who is referred to, and I may say also the Superintendent, who happens to be a similar specialist. The result is that now, I think, we are turning out from the broken rice which is unfit for ordinary human food a higher percentage of acetone than any results I have seen so far reported from Home. Each of these officers is a specialist in his own way. The Superintendent is a Chemist. The Manager is a Bacteriologist. The other officer is an Engineer. He is in charge of the works and looks after the machinery. Neither could conveniently replace the other, except possibly at the present time the Superintendent, who happens to be a Bacteriologist as well as the Chemist, could possibly take the place of the Manager. The Manager could at short notice take charge of the whole work. But they must all be there because the process is a continuous one. If you take the Manager away from his work to sign receipts or to attend to any of the other thousand little matters that the Superintendent has to attend to in the matter of administration, the whole process would simply deteriorate, and we should lose large sums of money. Now the Superintendent wants leave very badly this year. So far, I have refused to accept his application, because we are considering the whole policy of the future of the factory. And that leads one to the point which has been raised by Mr. Price, and I think Mr. Vishindas also. The factory was started as a war measure at a time when we were in want of acetone in order to carry on the manufacture of cordite. The whole of our acetone has had to be imported from abroad, and during the war we felt the

danger of this on account of the number of instances in which our consignments were sunk by submarines. We also felt that in a matter of this sort India ought to be self-contained. Now comes the question whether the factory shall work on full scale or whether it should work on part scale or whether it should be reduced to practically nothing. There are roughly about three lines that we might take. We might, for instance, maintain the factory at one-third scale as we are doing now, which is sufficient to meet our demands for acetone for the manufacture of cordite under peace conditions. We could then expand it almost instantaneously to 300 tons a year to meet the full requirements of our cordite factory under war conditions. On this small scale, we are working now at a distinct loss. We should probably work according to present prices at a slight profit if we turned out our full amount of 300 tons. But we would still be losing all the by-products, and it is in consequence of the by-products that we are now making very careful and serious inquiries as to the possibility of utilising the factory under peace conditions for industrial purposes, keeping it at the same time as a war insurance. The Superintendent, as I have said, has applied for leave, and I hope to arrange for his leave some time this year, not merely to give him some well-deserved rest, but in order that he may make inquiries in England as to how we can dispose of these by-products. We are making twice as much butyl alcohol as we are making acetone. The acetone we can use. The butyl alcohol we can only use in very small quantities. Indeed, in order to use these by-products—especially the main by-product butyl alcohol—we should either have to start new industries here like varnishes and paint making—varnishes especially—or dispose of it for sale to Europe. Well, that is one proposal; that is to say, that we keep the factory going in the hope that we can turn it to industrial account and at the same time look upon it as a war insurance.

Another proposal is, that we merely keep the ferment alive in the laboratory and then use the factory for ordinary spirit manufacture, reforming it afterwards in war time. This proposal would necessitate the importation of acetone for our cordite factory from abroad, and we think that if we can use the by-products, it is desirable that we should make our own acetone here. Another possible disadvantage to that proposal is, that if we merely keep the ferment alive, our plant in full scale would get out of order. Sterilization after the plant has been used for anything else is almost impossible; it would be just as well to scrap the plant altogether and get a completely new equipment. A third proposal is, that we scrap the whole plant in the hope that there will be no more war, or if there is a war, that cordite will no longer be used as a propellant, or that acetone is no longer necessary as its solvent. Well, I think, that will be running grave risks.

We are, therefore, now in a state of uncertainty as to what line we shall take. The first two proposals that I have discussed are the two that are most worth considering, and I think the first one especially, if we find some way by which we can use the by-products—keep the factory as a war insurance and make it also a centre of minor industries. In the circumstances for the time being at any rate, the manager is absolutely essential. He could act for the Superintendent, the Superintendent could act for him, but neither of them can do both jobs together without serious harm to the factory. So, I hope my friend will accept that explanation as sufficient.

Mr. Harchandrai Vishindas: My question has not been answered yet. I asked, is this factory to be started for the first time now, and if so, why should it appear in the figures of revised estimate? That was my question.

The Honourable Mr. W. M. Hailey: I can give the Honourable Member information on that point. The expenditure appeared under Military Expenditure in the previous year, and not in the Civil Estimates.

Mr. S. C. Shahani: I understand that the Manager has to be a specialised bacteriologist, and that being so, I would withdraw my motion. It has been said by the Honourable Member that it will be difficult for him to find money, I suppose, for increasing the salary of the last Chemist, and if I am right in understanding him, I might draw the attention of the House to a lump sum provision of Rs. 53,000. If some portion of this provision is diverted to the salaries of the Chemist, I think my object which is considered reasonable by the Honourable Member will have been served, and I shall be prepared to withdraw my motion in an unqualified manner.

The Honourable Sir Thomas Holland: If you would allow me to suggest, Sir, if the next Member on the List, that is, Rai Sahib Lakshmi Narayan Lal, would withdraw his amendment, I would deal with this lump sum, and do it now.

The amendment of Mr. S. C. Shahani was, by leave of the Assembly, withdrawn.

Rai Sahib Lakshmi Narayan Lal: Sir, the amendment, which I am going to move, is:

'That the lump provision of Rs. 53,750 for revision (page 164) be omitted'.

In the face of the assurances given on behalf of the Government, in respect of other similar motions, I would not have moved this amendment at all, but I do so simply to bring to the notice of the Government some suggestions as to how this money can be well spent if the Finance Committee think fit to curtail this item. The difficulty is, that in this House, the School of Swaraj, we have been allowed, at present, to deal with subtraction and division only, but not with addition and multiplication. Under the rules we cannot add any new item or increase the amount provided under any particular head; all the same, we are justified in making suggestions to mould the future policy of the Government.

Honourable Members will find that although a sum of Rs. 1,21,000 was provided for Industrial Development in 1920-21, not a pice has been provided this year for this important purpose. Perhaps, it has been left to the Provincial Governments to solve the industrial problems of salvation of the country. The initiation of any new important scheme should come from the Central Government for the encouragement of the local efforts. All that I have said about the motion under the head 'Agriculture' applies, with stronger reasons and greater force, to this subject also.

I am glad to find that the Government recognises drug manufacture as an important industry inasmuch as the sum of Rs. 6,000 has been provided under head 'Industry' for grant to Drug Manufacture Committee. It will not be, therefore, out of place here to mention that the resuscitation of the indigenous system of medicine undoubtedly means also the resuscitation of an important industry of this country, the store house of innumerable marvellous medicinal plants and herbs which can be locally supplied very cheaply and even without cost in a fresh condition, to the poor Indians in every part of India. The attitude of the Government of India towards the development of the indigenous system of medicine has always been sympathetic, and the Honourable Sir William Vincent was pleased to state the other day in the Council of State that the facilities for medical treatment are very inadequate at present.

Mr. Harchandrai Vishindas : I rise to a point of order. I do not think that the grant for drug manufacture appearing at page 165 applies to indigenous medicine, as the Honourable Member seems to think.

The Honourable the President : That is a matter of opinion, not a point of order.

Mr. Harchandrai Vishindas : May I explain, Sir ? I made that point of order because in that case these remarks would be irrelevant.

The Honourable the President : If the Honourable Member desires to divert the money to any other purpose, he is perfectly entitled to make the suggestion.

Rai Sahib Lakshmi Narayan Lal : The Honourable Sir William Vincent has been pleased to state the other day in the Council of State that the facilities for medical treatment in this country are very inadequate at present and that we should do all we can to increase them, that theoretical objections to any system of medicine should not prevail where it is proved by practical experience that many suffering people of this country have received benefit from them, and these indigenous systems are, in practice, of the greatest value, particularly in cases of chronic diseases and that a high official of Government has stated that he has known as many cures effected by the practitioners of indigenous system as by allopathic doctors. Having regard to these facts, it is not too much to expect that something practical should be done for the development of this important industry which will not only enable the Government, with the joint benefits of the European and Indian systems, to carry out a successful campaign against the epidemics, but in course of time, will also be a source of substantial revenue.

In fact, many schemes can be suggested which will provide multifarious benefits. I will mention here only one or two : (1) No less an authority than the late lamented Vaidya Shastri Shanker Daji Pade of revered memory has advised in his book that if that peculiar plant 'sunflower' called 'Suryamukhi' in vernacular, the flower of which always faces the sun—be abundantly grown in India in all homestead lands and gardens, it will have a very great effect in annihilating epidemics and will, at the same time, supply seeds which will yield nutritious and commercial oil. (2) The excise revenue, which is at present threatened by the non-drink propaganda, can be easily safeguarded by introducing the system of granting on a large scale licenses for distillation of Ayurvedic *Sura* which can be used for preserving good health, which was the original object of all wines.

With these few words, I move this amendment and I hope Honourable Members will support it.

The Honourable Sir Thomas Holland : I think, Sir, it would be possible to explain this in a few words and so save the time of the Finance Committee which will try to unravel all these lump provisions. This particular lump is due to a misprint. It started from my office in the form of Rs. 2,750 for the revision of the junior establishments, but I cannot remember whether it included the chemists or not just now, and Rs. 51,000 for labour, that is to say, including the drivers in the factory, the fitters, the greasers, the carpenters and the plumbers and all the unskilled labour. Those two items appeared in the original manuscript from my office, but they have come back in the form of a lump provision of Rs. 53,750. Some one has added together Rs. 51,000 and Rs. 2,750, so that the lump provision here, that is Rs. 2,750, is a very small one, due to the fact that the rates have been revised for the subordinates and I hope that the House will not consider that that was extravagant. We started out with the attempt to provide Rs. 60,790, but Mr. Hailey was very active that day with his blue pencil and he cut us down to Rs. 51,000 for labour and Rs. 2,750 for the revision of the establishment and I should like to say, although that will come more appropriately probably in the next motion, that we have actually reduced the cost of the establishment. I should also like to say now, possibly to anticipate a certain amount of discussion, that the acetone and butyl which we got from the factory last year was estimated to be of the value of 3 lakhs and

we have estimated for this year a value of 4 lakhs. As I told you, we are working on a reduced scale, *i.e.*, one-third of the total capacity of the factory.

The motion * was negatived.

EXPENDITURE ON ACETONE FACTORY.

Sardar Gulab Singh : Honourable Sir, I submit my motion of amendment, namely :

' To reduce the demand No. 33 on page 164 by Rs. 1,73,000 '.

It means that there should be no increase over the figure budgetted for the current year. which is Rs. 5,24,000. In the preceding year, 1919-20, the demand was only Rs. 22,683. The present Budget is admittedly a gloomy one, showing a deficit of 19 crores, which cannot be met otherwise than by increased taxation, which under the present circumstances does not seem advisable for several reasons which the Honourable the Finance Member himself has rightly alluded to in his exhaustive Budget speech. Besides, the country is full of unrest and discontent and we should not provide any excuse or chance which will foment them. Consequently the experiment under consideration should be put off for the present year. The expenditure and the increase seem due to the acetone factory and I do not think it is such expenture that it cannot be put off for one year and must necessarily be incurred in the ensuing year. If there is great demand for it, private enterprise should be encouraged to meet the same. Besides, Sir, some reduction in the expenditure of schools might be effected by way of introducing the study of the necessary subjects as special subjects, with scholarships to attract students to learn them. In case the Honourable the Industries Member assures me of his proposal already made to do away with the factory I will withdraw my amendment. For these reasons I move my amendment which will, I hope, kindly be considered and accepted by the Honourable House.

The Honourable Sir Thomas Holland : I am not quite certain whether the Honourable Member has moved his motion or withdrawn it. He said that as I made a suggestion that the acetone factory might be done away with altogether.

Sardar Gulab Singh : If you assure me about that, Sir, I will withdraw.

The Honourable Sir Thomas Holland : I cannot give the assurance.

Sardar Gulab Singh : Then I will not withdraw.

The Honourable Sir Thomas Holland : I have already explained very clearly that the future of the acetone factory is under consideration. I have given three suggested proposals. One of them was to abolish the factory and I think there is not the slightest doubt that we should be very unwise indeed to do so. The other two proposals, as I explained before, consist of reducing the factory to the very lowest level, that is to say, using it as a spirit factory whilst keeping the ferment alive in the laboratory. The other one was our suggested idea of using the factory for industrial development by making use of the by-products. It is quite impossible under the present condition of our investigation, and it would be unwise in the interests of the country either from the military or from the industrial point of view, to promise to close down the factory. There is one other point that ought to be considered too. The factory looks very large, constituting a very large item in this detailed bill—Rs. 6,43,000. But one has to remember that there is a receipt side to the factory as well as an expenditure side. As I said just now we estimate for the coming year alone a credit figure from butyl valued at 4 lakhs of rupees. We turn out twice as much butyl alcohol as we do acetone and the price of butyl alcohol, I believe, is as high as that of acetone. If we had a local market for our butyl alcohol, we could make the factory a paying concern now, a source of revenue instead of a source of expenditure, and when that does occur we might hear something of what the Honourable Member suggested by way of private enterprise. Under present conditions I do not think that there is any encouragement in the factory for private enterprise by way of acetone manufacture, even if we could hand over this very special and semi-secret process. We have, as I said already, done our best to keep down the expenses. During the past year the cost of stores have gone up, coal especially. We have also made provision for steel drums to carry the acetone, a provision that was not made last year and that is why the total for last year was below our total this year. I think there is no doubt that last year our budgetting was not as generous as it ought to have been. The fact was that at that time we had very little experience, but if the Members of the House or the Finance Committee wish to have the details, I can give them exactly; we want 125 tons of rice at 160 rupees a ton every month and that will cost Rs. 2,45,000. We want 425 tons of coal every month at Rs. 17 a ton, which we have put down at Rs. 86,700, and I can bore the House with the rest of the details if you wish to have them. But what we have done in the matter of establishment, which is the important thing, is that we have cut it down. We have reduced our salary bill by Rs. 14,520 and we have reduced the pay of the ministerial and menial establishment, not by cutting down their pay, but by reducing the establishment, by Rs. 32,650. We have, therefore, saved very nearly half a lakh on salaries and wages, and that is due to the better organisation being introduced by the Superintendent and the Manager. I think that I ought to take this opportunity of saying how

**Vide* page 261 of these Debates.

greatly I appreciate the work which has been done by both of these officers. The Superintendent has completely re-organized the system at the factory ; he is untiring in his love of detail; he provides us with full accounts of every operation in the factory ; the operations are worked out on the most approved scientific lines and every result, both scientific and financial, is put before us in very full monthly reports, so that we are able to follow his activities. I am myself perfectly satisfied that every attempt is being made to reduce the expenses until we can decide definitely as to the future of the factory. I think, that under the circumstances, I am justified in advising this House not to cut down this grant for the Acetone Factory, which, I understand, is my Honourable friend's desire, for the purpose of getting money to spend in other ways. It is desirable that we should get as much money as we can to spend in other ways, but we must not cut down the acetone industry which is in working order. If we stop that, we shall lose more money than we shall save. There are some things that we must stop and we have stopped, and the Budget this year would have been four or five times its size but for Mr. Hailey. This year, I wanted to start a large number of new things in connection with industrial development and could not, simply because we have, all of us, tried to observe one rule, that is, to start no new buildings in this year if we can possibly avoid them. I wanted a School of Mines built ; I wanted a tanning Research Institute built at Calcutta, and several institutions of real importance to the country in the long run. But we have really and honestly attempted to postpone these for one year in the hope that we can find a better year in the next.

Dr. Nand Lal: Sir, after having heard the explanation from the Honourable the Official Member, I must say, that I am against this amendment. We want industrial development in our country and this provision, which is made in furtherance of that cause, seems to be indispensably necessary. With these few words, I oppose this amendment.

Rao Bahadur T. Rangachariar: Sir, if I make a few remarks, I make them, I confess, in utter ignorance of the subject as to the acetone factory. One remark made by the Honourable Industries Member tempts me to put the question, whether in this factory Indians are freely admitted and whether they will have a chance of learning the secret processes as other people have. The second question which I wish to ask is whether this industry which is being used entirely for war purposes, can also be utilised for developing in other directions. These are the two doubts which I feel and I should be glad of an explanation from the Honourable Member. In a Government factory unless this acetone goes to the War Office, I do not understand what the secrecy is about. In any event Indians must be entitled to learn the work.

Mr. J. Chaudhuri: With regard to the manufacture of acetone, I presume it is for the purposes of the manufacture of munitions. So I do not quite follow why it should come under the Civil Budget. It might be transferred and put under the Military Budget and, gradually, this industry might be made over to the Military Department.

Another matter with regard to which I want fuller information is the School of Mines and Geology. Some months ago I read of a proposal by the Government of India to found a School of Mines and Geology at Dhanbad. I find here a provision for appointment of a Principal on a salary of Rs. 24,000 per annum and a lump provision for other charges to the extent of Rs. 26,000. This does not give us sufficient information as to whether the School of Mines and Geology is going to be equipped quite properly. Such a school is a great want in India and especially in the mining districts of Jharia. So, I am not for any curtailment of the general expenditure under this head, but I would suggest to the Honourable Member in charge that the money should be devoted to this and other useful purposes for the promotion of industries in this country.

The Honourable Sir Thomas Holland: I understand, Sir, that I may be allowed to give the information that has been asked for by the Honourable Members; otherwise, presumably, the questions themselves would have been out of order.

Mr. Rangachariar wants to know if Indians will be admitted to the factory and if the process can be kept secret. At present we have three Europeans in the factory, one Superindentent, one Manager and one Engineer. I have myself a hope, and, when I say 'a hope' I do not mean a vague hope, but a sure and certain hope, that this factory can be run entirely by Indians, and in the near future. One reason for expressing the hope in that way is this, that there is not an officer there now of the three who is not anxious to be relieved for more profitable work elsewhere ; and also because bacteriology is developing in India, and we hope, therefore, to be able to find specialists who will undertake this process and work it. It is not that we want very high general training so much as ordinary general training together with a special experience of this particular ferment and its peculiarities. So that we ought to be able to introduce young Indians and teach them the process which is now being adopted there.

With regard to its secrecy, the process is patented and, therefore, a great deal of the detail connected with it has already been published. But, I suppose, everybody knows that a specification of a patent is intended generally to conceal the real nature of the process described. There are little matters connected with every patent process that are not described in its specification, and in some of the cases they could not be described.

The peculiar nature of this ferment is a matter that has been worked out in our own factories. The process is really now in some points different from the process described in the original patent, because we have had to accommodate ourselves to the peculiar food that is

needed for this ferment. We tried various kinds of grain and we got the best results from rice. If we could obtain the purest form of rice it would make the process much easier, but we had to consider the question of economy. We found out from experiment that we get slightly less acetone from broken rice, but the difference in the cost is so great that we have now, I think, reached the most economical equation possible. I hope that will satisfy my Honourable friend on that point.

Mr. Chaudhuri cannot understand why the Acetone Factory is not under the Military Budget. I presume from that, that he wants the factory to be non-votable; but we ourselves consider, that besides supplying a product to the Military Department in the form of acetone which we make them pay for, as otherwise they would have to buy it from Europe, we may hope to turn the factory to industrial account. If, as the result of our invesitgations, I find that we cannot use this factory economically for industrial purposes, and that it is merely a war instrument, then I shall hand over the pup to the Military Department.

With regard to the School of Mines, I will give the information that Mr. Chaudhuri has asked for. We hoped to commence building this year, but that project, like a good many others, was knocked on the head because the Finance Department would not allow us to undertake new works. We have, however, used the small sum of money for the acquisition of the necessary land, because the price of land has been going up so rapidly that we thought it would pay us to acquire it at the present rates. That is included in the lump provision for other charges. Then, with regard to the Principal, before we discovered that the Budget would be such that all new works would have to be stopped, we had asked the Secretary of State to engage a Principal, and on the very day when I asked with regard to the state of the Budget, in the hope that I might be able to stop at the last moment the appointment of a Principal, we received a telegram to say that he was appointed and would arrive about the middle of March. The Principal, therefore, has to be paid for, but he will not be wasted. The Principal will be utilised in the first instance to help the Geological Survey and the Mines Department and at the same time he himself will be acquiring the necessary knowledge of the country which will make him, I hope, a better Principal when actual work begins. We have put down for him a small sum, Rs. 600, for rooms we have to engage for him to carry on his office work, and we have allowed a small amount of travelling allowance—Rs. 1,400 only; and then, of the other part of the lump sum of Rs. 26,000, Rs. 14,000 is put down for the Governing Body. The Governing Body has not yet been formally appointed. We have the consent of a large number of very influential gentlemen who have agreed to serve on the Governing Body, and it is our intention that they, in conjunction with the Principal, should work out the whole curriculum and organisation of the school. But if the Governing Body is not appointed this year, Rs. 12,000 out of the Rs. 26,000 will be saved. That would have been the cost of their travelling allowance. I hope these details are sufficiently satisfactory to Mr. Chaudhuri and not boring to the other Honourable Members.

Rai G. C. Nag Bahadur: Sir, will the Honourable Member give us some information in regard to the position of the Drug Manufacture Committee, where it is sitting and what it is going to do?

The Honourable Sir Thomas Holland: May I suggest, Sir, that the ordinary rules should be observed for asking questions; otherwise, we shall never get through the Budget?

The Honourable the President: The question is:

'That the demand under head 'Industries' (No. 33) be reduced by Rs. 1,73,000.'

The motion was negatived.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 6,43,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Industries'.'

The motion was adopted.

Mr. C. A. Innes: Sir, I beg to move:

'That a sum not exceeding Rs. 55,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for 'Aviation'.'

Aviation.

AERODROME AT ALLAHABAD.

Rai Sahib Lakhshmi Narayan Lal: Sir, my motion is to the effect:

'That the lump provision of Rs. 30,000 for an aerodrome at Allahabad (page 166) be omitted.'

I admit, that this is an important item. By moving this Resolution I simply want to bring to the notice of the Government my suggestion that they should consider the advisability of approaching the Imperial Government to take a hand in getting us out of our present financial troubles, in a very bad year, caused by the war, and to graciously provide, from Imperial funds, at least this lump provision of Rs. 30,000 for an aerodrome factory at Allahabad, as it has been kind enough to make a gift of 100 aeroplanes to India. In any case this provision is impracticable in such a year as this, and I move to omit it.

Mr. Eardley Norton: May I ask, Sir, if the item under discussion is purely for Civil Aviation or does it include Military Aviation?

Mr. C. A. Innes: Civil Aviation.

Dr. Nand Lal: To my mind, Sir, there seems to be no necessity for this provision. None has been shown, so far as this printed book called 'Demands for Grants' is concerned. Why is it required for Allahabad only? To my mind, it seems to be an additional expense for military purposes. And if it is required for Allahabad, then why not for other places? Since other places have not been referred to, and no special need or necessity has been given here, the natural deduction is that this provision has got no justification at all. Considering the condition in which we are at present – a condition which amounts to financial embarrassment – we should not spend money lavishly like this. Therefore, with these few words, I submit that this amendment, which is before the House, speaks for itself and I hope the whole Assembly will accept it.

Mr. C. A. Innes: I had hoped, Sir, that I should be able to place before this Assembly a really good Budget for civil aviation, instead of asking for the miserable sum of Rs. 55,000. I had hoped that the Government of India would be able to go in for a forward policy in the development of civil aviation. Every civilised country in the whole world recognises that it is essential to assist the development of a form of locomotion which in the near future may revolutionise transport. There are numerous air services converging on Paris; there are air mail services radiating throughout the United States of America; there are three air mail services between London and the Continent; and the Air Board hoped that India would also be able to play its part in the development of this great service, and proposed, after most careful consideration throughout the whole of last year, that we should begin by laying out an air route between Rangoon and Bombay. I may mention for the information of this House that we had already a tender for an air mail service along that route, and that tender proceeded on the basis that the air mail would leave Rangoon at 6 o'clock one morning and arrive at Bombay at 9 o'clock next morning, that is to say, the service which now takes by steamer and train 4 or 5 days would take, by aerial mail, 27 hours. The Government of India have provisionally approved of this policy, but they have decided that we must wait for more propitious times before carrying the policy into effect. That is the reason why we have made no demand upon the House for anything except the bare essential minimum. I think I shall save the time of the House if I anticipate the remaining two motions which are to be moved later on, and explain in detail each of the items in this Budget. We have provided for a Chief Inspector. The reason for that is, that under the International Air Convention to which India is a party, under the Indian Air-Craft Act and under the rules which we have framed under that Act, the Government of India must make arrangements for the registry of air-craft, for certifying air-craft as air-worthy, and for licensing pilots. For these purposes we must have an air-craft Inspector; and if we have an air-craft Inspector, we must make provision to allow him to tour over India in order to carry out his duties. We must also arrange for the periodical medical examination of pilots. This medical examination is a very specialised and difficult examination. I have here a book which shows the syllabus of the examination prescribed by the Air Ministry at Home; and if we wish to carry out our obligations and to follow the principles laid down in the International Air Convention, we must also adopt the same medical examination in India. That medical examination requiries special apparatus, and we have made provision for buying that apparatus. I am quite sure Honourable Members will not want the Government to incur the responsibility of not examining properly people who take air-craft up into the air.

Then, we have provided a sum for the storage and disposal of 100 gift aeroplanes which were presented to us by the Home Government two years ago. We have got rid of fifty machines already; but fifty more remain and they are valuable machines; and as long as we have them we must make provision for looking after them, seeing that they are kept properly and so on.

Finally, I come to this lump provision for an aerodrome at Allahabad. I can explain it in a very few words. As I have said, we have decided to take no action as regards the aerial mail service between Rangoon, Calcutta and Bombay for the present. But we think it necessary that we should have at least one civil aerodrome between Delhi and Calcutta. Up to the present we have had the use of the military aerodrome there; it is a very small aerodrome, just by the Fort; but the Royal Air Force do not require it, and it has been returned to the military grass farm to which it belongs, so that it is no longer available for civil aviation. Therefore we have taken in hand the preparation of a new aerodrome, close to Allahabad. I hope that the work will be finished and paid for before the end of the year. But we have made as a matter of precaution, provision up to Rs. 30,000 in the next year's Budget because the work may not be finished and bills may remain outstanding at the end of this year. The Rs. 30,000 will be merely savings from this year's estimate, and I think that the House must allow the provision to stand because if bills do remain outstanding we must pay them. As I have explained, the work is nearly finished; we merely make provision for sums which may or may not come in course of payment next year. With these words, Sir, I oppose the amendment.

Mr. Wali Mohamed Hussanally: Sir, may I ask the Honourable Member to withdraw his motion after this explanation?

Rai Sahib Lakshmi Narayan Lal: Sir, I withdraw this motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: Does Mr. Shahani wish to move his motion* after the explanation that has been given?

Mr. S. C. Shahani: Sir, I have merely to say that my own object was to point out that this was a very small sum which was being devoted to civil aviation. I wanted to inquire whether it was for military purposes. My inquiry has been answered, so that I feel disposed to withdraw my motion.

The amendment* was, by leave of the Assembly, withdrawn.

Dr. H. S. Gour: Sir, I have listened carefully to the statement made by the Honourable Member on behalf of the Government. The reason why I had given notice of my motion† was that I was very curious to know as to whether any schemes for the development of the science of aviation could be planned, which would enable a poor man like myself to travel all over India, with this very small help of Rs. 50,000 that the Government of India is going to invest in the equipment of its aerodromes and the air-mail services. I had hoped that in the new era which is likely to dawn upon us the Government would take up the matter in right earnest. We have been told that the Rangoon to Bombay service has been contracted or tendered for. I am very glad to hear it; but I may inform the Honourable Member who spoke on behalf of Government that I have been hearing this for the last five years, and I have no doubt from the very interesting information which has been supplied to us by the Press that aviation in India was going to provide a very speedy means of going about from place to place, that we, who have been suffering intolerable inconvenience when we have to come to Delhi, felt that perhaps in the very near future all we had to do was to press a button and we should all be in Delhi at the same time. I hope that the advance which the science of aviation has made will not be lost sight of here, and that the Government of India will be keenly alive to the necessity of adopting the advances which the European countries have made and see that this country keeps pace with those countries. With these words, I also withdraw my amendment.

Mr. C. A. Innes: May I just correct one mistake which was made by Dr. Gour, Sir? He said that I said that an aviation service between Rangoon and Bombay had been contracted for. I did not make that statement. I said that we had a tender for a mail service, we were not able to accept it because, as I explained to the House, we have decided not to go on with the preparation of the flying route for the present in view of our financial circumstances.

Dr. Gour's amendment* was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 55,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922, for 'Aviation'.'

The motion was adopted.

Mr. C. A. Innes: Sir, I beg to move:

'That a sum not exceeding Rs. 2,68,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 for 'Commercial Intelligence'.'

Commercial Intelligence.

Sardar Gulab Singh: I move, Sir:

'That the demand under head 'Commercial Intelligence' be reduced by Rs. 1,53,000.'

I presume that the Government has not constituted this department to carry on any commerce on their own part, but it is simply intended to give information to the people at large. The only information that we get is obtained in the paper called 'Commercial Intelligence' which gives all the statistics. For this purpose I think only certain offices and officers are required at important trade centres like Calcutta, Bombay and Madras and such places, and I think for this purpose the amount already incurred under this head is sufficient, and there should be no increase in it.

Mr. C. A. Innes: I must confess, Sir, that I was not able to understand clearly the reasons why this reduction has been moved. There has been practically no increase in the demand for Commercial Intelligence or the Statistical Department except in regard to the two lump provisions for reorganization, and as the House knows, we have already arrived at an understanding that these provisions will not be expended until the Standing Finance Committee has had an opportunity of examining the reasons why we wish to spend the money. I think at any rate all the business men in this House will agree with me as to the utility of the work done by our Commercial Intelligence and Statistical Departments. In fact, the statistics which are supplied to us by the Department of Statistics are, I venture to think, essential not only for the Government of India and for the provincial Goverments but also for the commercial community. The Commercial Intelligence Department besides being the eyes and ears of the Government of India in commercial matters exists in the interests of Indian trade. There are

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* That the provision of Rs. 55,000 be omitted.

† 'That the provision of Rs. 55,000 (page 166) be omitted.'

numerous Indian firms which have both the capital and the organization for business with firms abroad, and it is one of the functions of the Commercial Intelligence Department to bring such firms to the notice of foreign merchants with particulars of their credit and of their special lines of business. By this means Indian resources and business organizations are becoming better and better known. The influence of the department has extended considerably during the last few years. It is in close touch with the Chambers of Commerce and trade officials abroad and they who co-operate with this Department in disseminating information of Indian trade possibilities. In India the department is becoming more widely known every year, and it is trusted by Indian firms of all classes. The number of trade inquiries handled by the department is exactly three times what it was five years ago. India's manufactures are assisted by the department which exhibits their goods in the Commercial Museum at Calcutta. The number of exhibits in this museum has increased rapidly and now amounts to over 7,000. Sample sales are also effected through the agency of the Museum. Finally, the department has organized in Calcutta in conjunction with the Department of Statistics a commercial library, which is free to the public and which is becoming increasingly popular. I do not think that I need say more, and I oppose the motion.

Sardar Gulab Singh: Sir, I simply wanted to know about the lump provisions of Rs. 74,000 and Rs. 58,000. I am satisfied with the explanation given by the Honourable Mr. Innes, and so I withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 2,68,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of 'Commercial Intelligence'.'

The motion was adopted.

Mr. H. Sharp: Sir, I beg to move :

'That a sum not exceeding Rs. 24,65,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 for the 'Census'.'

Census.

The motion was adopted.

Mr. C. A. Innes: Sir, I beg to move :

'That a sum not exceeding Rs. 1,53,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 for 'Emigration'.'

Emigration.

Sardar Gulab Singh: Sir, I beg to submit—

'That the demand under head 'Emigration' be reduced by Rs. 54,000.'

First of all, in the accounts given in the book on page 171 the figure is shown for external and internal emigration. If internal emigration means emigration from one district to another or from one province to another, then these charges may be made over to the Local Governments. Besides this, I find that the expenses already incurred under this head are sufficient, and I, therefore, submit, there should be no increase made this year under this head.

Mr. C. A. Innes: Sir, I understand that the Honourable Member proposes a reduction of the grant by Rs. 54,000, because the cost of these small departments has gone up this year. This emigration Budget is a Budget which comes up from the various Local Governments and it is intended to make provision for the small establishments which are maintained in the provinces partly for external emigration, that is to say, partly for Protectors and their establishments, and partly also for the internal emigration, which consists almost entirely of emigration of labour to Assam Tea Estates. I can explain quite easily the increase which has occurred this year. It is due almost entirely to an increase of Rs. 40,000 in the provision made by the Government of Bengal for their internal emigration, and that Rs. 40,000 is the provision which it is proposed to make for a floating hospital which has been recommended at Goalundo on one of the main transit routes to Assam. The Local Governments concerned make provision for medical attendance of the labour which uses the routes, and in 1919 they held a conference at which the Governments of Bengal, Bihar and Orissa and Assam were represented. This conference made a very strong recommendation that a floating hospital should be provided at Goalundo to replace the present temporary hospitals there. The Bengal Government made this provision last year, but could not spend the grant. So they have again made the same provision in this year's Budget This accounts for the increase over the revised estimate last year, and in these circumstances I hope the Honourable Member will withdraw his motion.

Sardar Gulab Singh: I withdraw my amendment, Sir.

The motion was, by leave of the Assembly, withdrawn.

Sir P. S. Sivaswamy Aiyer : Sir, I beg to move :

'That the item of Rs. 42,500 against Office expenses and Miscellaneous, on page 171, be reduced by Rs. 40,000.'

I had two reasons for giving notice of this motion. One was that the difference between the amount of office expenses for 1920-1921 and the amount entered for next year, namely, Rs. 40,000, was so large that it *primâ facie* called for an explanation. That explanation has, I believe, been given by Mr. Innes in the answer he just now gave to the Honourable Sardar Gulab Singh.

I had another reason for giving notice of this motion, and it is this. In many of the countries to which Indian labour emigrates there is very considerable dissatisfaction as to the relations between the employers and the labourers. Very often we hear complaints as regards the treatment of labour by the employers. How far those complaints are well-founded or ill-founded is a matter into which it is not now pertinent to inquire; but one remedy which seems to me to be called for and which will go a great way towards the removal of these complaints is the appointment of Indian officers with a knowledge of the languages spoken by the coolies to be stationed in various places in these countries. Take, for instance, the Federated Malay States, the Straits Settlements or the island of Ceylon. In all these places, there are complaints made every now and then as regards the condition of the labourers and as regards their treatment. If we had some Indian officer there who knew the ways and customs of the Indian coolies, who could speak to them in their own language and make a representation on their behalf to the local authorities, he would be of very great advantage to the labourers and to the Indian Government. It is for the purpose of drawing attention to the necessity for some action on these lines that I am making this suggestion. We really have to form a service something like a consular service, a sort of Indian consular service, which will be able to protect the interests of labour and which, perhaps, may have its functions extended to the protection of Indian trade interests as well.

Mr. C. A. Innes: As Sir Sivaswamy Aiyer said, I have already explained this increase. It is due to provision being made for a floating hospital at Goalundo.

As regards the other point which Sir Sivaswamy Aiyer has raised, I must ask him to be patient for just three days more. On the 17th of this month, the Honourable Sir George Barnes, whose interest in this question of emigration I think, this House will recognise, proposes to introduce an Emigration Bill, and I think that when that Bill has been introduced, Sir Sivaswamy Aiyer will find that the point which he has brought to notice has been fully considered and that we have made provision for it.

Sir P. S. Sivaswamy Aiyer: I withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,53,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Emigration'.'

The motion was adopted.

Mr. C. A. Innes: Sir, I beg to move:

'That a sum not exceeding Rs. 1,79,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922, for Registrars of 'Joint Stock Companies'.'

Joint Stock Companies.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 12,12,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Miscellaneous Departments'.'

Miscellaneous Departments.

IMPERIAL LIBRARY, CALCUTTA.

Dr. H. S. Gour: I move, Sir:

'That the provision of Rs. 72,000 for charges in connection with the 'Imperial Library' be omitted.'

You will find, Sir, at page 177 of this Blue Book, that a charge of Rs. 72,000 is made for the upkeep of the Imperial Library. Now, as I take it, this Imperial Library is a library situated in Calcutta. The old Imperial Library which was situated in the Metcalfe Hall was reconstituted under the orders of the Government of India and, if I mistake not, there was an Act of the Indian Legislature legalising and providing for its upkeep. The headquarters of the Government of India was then at Calcutta and it was natural that the Imperial Library should be at the capital of the Empire. But, as we all know, the capital of the Indian Empire is now at Delhi, but I find that the Imperial Library still continues to exist in Calcutta and the Imperial Government continues to bear the charge of its maintenance and upkeep. I venture to submit, that when the Government of India moved to Delhi, the Imperial Library, if it was to maintain its imperial character, should also have been transferred to the city of the Central Government, and if this was not done, the Imperial Library in Calcutta should have been transferred to the Provincial Government.

I do not see how far and for what reason the Imperial revenues are chargeable with the upkeep of what has now become a purely local library. From the last report to hand of this Imperial Library, from the 1st April 1916 to the 31st March 1919, I find that the only connection which people outside Calcutta might conceivably have with this Imperial Library, is conveyed in this clause—books borrowed by the general public in 1909, 1910 and 1911,—958 books. Books borrowed by the general public during 1918-1919,—3,653 books. Now this does not really give us any idea as to whether these borrowers came from Bengal or from the rest of India ; and as to how far people outside Calcutta and Bengal profit by the use of this library. If they do not, then I submit, it is a purely provincial charge and should not be debited to the Imperial Government. I await a statement from Government as to what connection this library has between the Government of India and the general public outside Bengal.

Sir P. S. Sivaswamy Aiyer : Sir, I desire some information on a point on which I feel some doubt. It is in regard to the tour charges of the Librarian of the India Office. I wish to know whether, under the recent arrangements, this charge should not be borne by the English Exchequer. It is not part of the Agency work in England which is carried on by the High Commissioner for India.

Mr. H. Sharp: Sir, when I first saw this motion I was much shocked. I was pained to think that my Honourable and learned friend should put forward such a motion, and that such a motion should emanate from a part of India to which I am myself deeply devoted, which has given this Assembly so eminent a Member as Dr. Gour, and which has provided eminent Members to the Legislature of India at various times, as, for instance, some of those Members who sat in the old Imperial Legislative Council whom some of us remember. But I was greatly relieved when I found that my Honourable friend's sole intention was to relieve the Government of India of expenditure on a library situated in Calcutta, I trust, with the intention of subsequently bringing before this House, at some future date, a Resolution, that it should put down a good round sum for making a good library in Delhi. I am afraid I cannot give any promises as to what will be done in Delhi, but to speak for myself, I have a strong hope that Delhi will be provided with a good library at no distant date.

The Honourable Member spoke of the old Imperial Library in Metcalfe Hall. It is a matter of detail, but the old Imperial Library was, as a matter of fact, kept in the Secretariat of the old Treasury Buildings in Calcutta and was amalgamated in 1900 with the Metcalfe Hall Library, which, I think, was properly called the Calcutta Public Library, and the library of the Agri-Horticultural Society. The Honourable Member also mentioned an Act of the Legislature. This all took place long ago and I cannot remember very well, but if I remember aright, that Act was intended merely to meet a technical difficulty and to make the rights of possession unassailable.

I do not know what the Members who are representatives of Bengal will say to Dr. Gour after this meeting with reference to his attempt to deprive the *urbs prima in Indis* of this splendid library which was put together in 1900.

Mr. R. A. Spence: You mentioned Bombay, Sir, just then.

Mr. H. Sharp: I bow to my Honourable friend's patriotic feelings and anticipated that my remarks might not pass without a protest.

It was intended in 1900 to make a library in Calcutta for that city—I am not sure how I should now describe it—which should take the place of the British Museum Library and the Bodleian. To what extent the library is used by persons actually outside Calcutta, I cannot say, but it is used; and a few years ago I had the honour to preside over a conference of Librarians from every part of India, in which we hammered out a scheme of reciprocity between the big libraries of India, amongst which this library was to take the foremost place. That scheme was placed before Local Governments and some Local Governments are taking action under it. I can say from my own experience, however, that officers in Delhi and Simla do frequently utilise books from that library when we want to get out references. The library is very extensively used in Calcutta itself and I do not envy my Honourable friend the time he will have when he meets his Bengal friends after this meeting.

I will not take up the time of this House further ; but I should like to say that if Dr. Gour will look at Schedule I, Part II of the Devolution Rules, under section 45-A of the Government of India Act, he will see that libraries are a Provincial Subject but that the Imperial Library is excluded. It is, therefore, under those rules, which have been approved by the Joint Parliamentary Commission, that we have to keep that library up, and we cannot get out of it.

There was one other little point raised by my friend, Sir P. S. Sivaswamy Aiyer, about the tour charges in India of the Librarian of the India Office. Dr. Thomas, the Librarian, who is a profound Sanskrit scholar, is at present touring in India. He is going round the whole of India looking into libraries and giving help and advice wherever that is possible, and I can assure the Assembly that he is taking his duties very seriously and I have had a great deal of conversation with him on the matter. I understand that this small sum of Rs. 2,500 is put down to meet the charges of his railway travelling in India itself.

Sir P. S. Sivaswamy Aiyer : Is it an act of hospitality ?

Mr. H. Sharp : Sir Sivaswamy Aiyer calls it an act of hospitality. I should call it an act of ordinary justice, —as this gentleman has been sent out by the India Office to explore our libraries, to see how interaction is possible between the India Office Library and the libraries here, also to see what we are doing, not by way of a spy but by way of helper and coadjutor. He has been definitely sent out by the India Office and I think it is the duty of the Government of India to pay for his travelling while he is here. I hope my Honourable friend is satisfied.

The Honourable the President : Does the Honourable Member wish to press his motion ?

Dr. H. S. Gour : I do, Sir.

Mr. J. Chaudhuri : Sir, I am very much surprised and not less pained that my learned and cultured friend, Dr. Gour, should bring such a motion before this Assembly at all. I do not say this, because I am a Bengali. In Calcutta, of course, we can claim that we are above any parochial patriotism. It is the only cosmopolitan town in India. It is the second city in the Empire, of which I am proud and everyone in India should be proud. And my friend, Dr. Gour, knows this, for, even in the profession to which he and I belong, we do not observe any distinction between members of our profession from one part of the country and another. For instance, when barristers from Calcutta go to Allahabad or the Central Provinces or Bombay, or want to join the other High Courts, there is always a great deal of difficulty and they are not admitted as a matter of course. But in Calcutta, it is different.

The Honourable the President : Order, order. There is nothing about barristers in this demand.

Mr. J. Chaudhuri : I am saying this in connection with the cosmopolitan character of our city.

When Dr. Gour himself went there, he was welcomed and made a member of the Bar. Anybody who goes there for the purpose of culture and education is welcome to us. That a man of his culture and education should bring forward a motion like this before the House, gives me a great shock. He might one day say, that the Calcutta Museum might be pulled down and its relics distributed all over the other provinces. And with regard to his proposal, that the contents of the Metcalfe Hall Library should be brought and located in Raisina, which is now a desert, I am afraid, I cannot endorse that view at all. Everyone in this House is aware that all of us are very much concerned about the expenditure that is being lavished over this new Capital. That is a question with which we may have to deal hereafter. But, if we want to locate a library which has been in existence at Calcutta, for nearly a century, in Raisina, we shall have to go into a very large capital expenditure which I say might very profitably be spent in the collection of books and bringing this library up to date. I know, as a matter of fact, it is not a law library, but it is a library which, though valuable, is not quite up to date in other branches of learning and there is a great necessity for expenditure for bringing this library up to date. Now, as I have said, in Calcutta, we who are the children of the soil occupy only a small portion of the big city. The whole of the southern portion and the whole of the north-western portion is populated by men from all parts of the world and India too : the Central Provinces, from Bombay, from the Punjab, Madras and other parts of India. The population of Calcutta is half Bengali and half Indian. Many go there for business and men of culture go there for research and learning. They are always welcome and whenever they go there for the purpose of research, they consult this library, so this library should not be considered as a provincial library but as a national library which has been collected by the labours of many savants extending over the better part of the last century. It should be considered as one of our national assets and I think that the whole House will agree with me that the Calcutta Museum, the Metcalfe Imperial Library, the Calcutta Botanical Gardens, and even, as my friend here says, the Zoological Gardens . . . .

Sir Jamsetjee Jeejeebhoy : Sir, I beg to move that the question be now put.

Mr. J. Chaudhuri : These are national assets and Indians or Europeans from every part of the country, or, it may be, from every part of the world, are welcome and these are things that have made Calcutta the seat of culture and we do not want to keep any of these to ourselves as our provincial property. I hope educated Indians from every part of the country will show more zeal in availing themselves of the advantages of the Calcutta possessions in all these respects. With these words I oppose Dr. Gour's motion and I strongly support this item in the Budget and I am confident that every Member of the House will support me, including my friend, Dr. Gour, from whom I am very proud to say that I have had very valuable support in other important matters. I hope, Dr. Gour will withdraw his opposition and support this grant.

Mr. Sachchidananda Sinha : Sir, the highly emotional speech of Mr. Chaudhuri, for which I submit there was no occasion, requires a few observations from me. Mr. Chaudhuri said that Dr. Gour's motion had given him a great shock. I confess, Sir, that his own speech has given me a greater shock. The proposition is a very simple one. Nobody wants to pull down the Metcalfe Hall Imperial Library, the Calcutta Museum, the Zoological

Gardens, the Botanical Gardens, or for the matter of that anything else in Calcutta. The whole question is one as to whether the Imperial Library should be debited to imperial funds or to provincial funds, and, therefore, all that amount of rhetorical discourse is certainly neither here nor there. I think Dr. Gour has made out a very good case for not providing the cost from the Imperial Exchequer. When Calcutta was the capital of India, it was very fair and appropriate to pay from the imperial funds. Now, Sir, Calcutta is the capital of Bengal, and I do not see why a library located there should be paid for from the funds of the whole of India. Therefore, to come from the emotional to the practical side of the question, I think the House should support Dr. Gour in his motion that it should be a charge on provincial revenues.

Mr. Sharp made one remark. He said the Joint Committee of the two Houses have exempted this Library from the operation of discussions here in t his Council.

Mr. H. Sharp: I said that the Imperial Library is excluded from Part II. It is, therefore, a Central subject.

Mr. Sachchidananda Sinha: If that be so, I do no t see the use of discussing this matter at all. If we are not, however, precluded from discu ssing this matter, then, I submit, that Dr. Gour's motion should certainly be adopted by the House.

Babu K. C. Neogy: Sir, if I intervene in this debate, it is not for the purpose of making a long speech. I desire to point out that it is not quite open to the Government now either to dismantle the Library or to remove the books here. I beg to refer, Sir, to the speech that was delivered by Lord Curzon in the Imperial Legislative Council on the 10th January 1902 when the Imperial Library (Indentures Validation) Bill was introduced. Lord Curzon made it quite clear that the Library was a present from his Government to Calcutta. This is what His Excellency said :

'My object in carrying out the scheme, which has taken shape in this Bill, has been to present Calcutta with a public library worthy of the name.'

I very much doubt if it is at all competent for us to take away that present from Calcutta this day.

Then, Sir, the Imperial Library having been made a Central subject, all that we can do is either to maintain it there or to cut short its supplies, as suggested by Dr. Gour. That is to say, you cannot make it a provincial charge. Either you can maintain it as it is or dismantle it at any time. These are the alternatives before us. I am reminded, Sir, that another alternative is to make it a charge on Provincial funds. But I beg to remind the House that in the financial arrangements that were adjusted between the Central Government and the Provincial Governments, this item was not taken into consideration as a provincial obligation. So that, if it is placed at all on provincial shoulders, then we would have to expect sufficient grants-in-aid being made from the Central Government. Otherwise, Sir, it will be something like the white elephant which in olden days it was the practice with the Burman Kings, to present people whom they wanted to punish. Sir, if it was a present to Calcutta initially, I think it is the bounden duty of the Central Government to find the recurring charges.

Mr. Jamnadas Dwarkadas: Sir, I had no intention of speaking on this motion of my Honourable friend, Dr. Gour, but it seems to me that my Honourable friends from Calcutta themselves seem to be doubtful about their claim to possess the Library, for the reason that they have been putting words in the mouth of my friend, Dr. Gour, words which he never spoke, and they seem to put forward a justification for the Library being located in Calcutta. But the main question that is before us is this. Even if the Library is to be located at Calcutta, are we going to bear the expenses for its upkeep ? My friend, Mr. Neogy, said that it was a present by the Government of India to Calcutta. Calcutta is welcome to the present. But Calcutta certainly cannot look forward to have its expenses paid by the whole of India because it was a present. I say, Sir, that Dr. Gour is perfectly justified in bringing in this motion, and I hope the House will support it.

The Honourable Mr. W. M. Hailey: May I put to the House, Sir, the practical question at issue and explain more fully the effect of the Rule referred to by Mr. Sharp ? In the Devolution Rules, this Library is entered as a 'Central Subject'; that is to say, that the control of the Library must remain with the Central Government, as the House knows our financial arrangements under the Reform scheme form a corollary of the administrative arrangements. That is to say, we have endeavoured everywhere so to arrange that where the control remains with the Central Government, the financing should also remain with that Government. I need not dilate on the obvious reason for this; it constitutes a clear cut division which places financial and administrative responsibility in the same hands. Now, Sir, it is perfectly within the competence of this House to refuse to pass the grant which is before us. I am not going to argue as to the suitability or otherwise of so doing, but merely wish to point out the effect on the Library. If the House refuses this grant, then the House at the same time has no power, and we as the Government of India have no power, to compel the Bengal Government to meet the expenditure, since the subject is a Central one. That is to say, for the coming year there will, unless the Bengal Council comes to the rescue, out of mere kindness, be no funds for the upkeep of the Imperial Library. That,

I am sure, is a result which the House and everybody else would deplore. If it is the wish of this House to raise the question whether the Imperial Library should become a Provincial instead of an Imperial subject, I would suggest that the proper way to effect its wish is by a Resolution suggesting to the Governor General in Council that he should recommend to the Secretary of State that the Devolution Rules be altered in this particular respect. If the House shows a unanimous desire that the Devolution Rule which I have referred to should be altered, makes a recommendation of that nature to the Governor General, it would then be our duty to send it to the Secretary of State in order that it might be laid before Parliament for the necessary change in the Devolution Rules. Until this is done, I think the House will agree that where the administrative control is, there also should be the responsibility for financial provision. That is to say, as long as we have control of the Imperial Library, as we have by the Rule sanctioned by Parliament, so long should we pay for it. But, in any case, Sir, we should avoid any course of action which would mean that for the coming year no funds would be available for the Library.

Sir P. S. Sivaswamy Aiyer: Sir, there are two questions for consideration before the House on this motion. One is, whether this is a legitimate charge upon the Central Government or not. Upon that we have the explanation given by the Honourable Mr. Sharp that according to the Statute it is made a charge upon the Central Government. The other question is, where this Library should be located. A desire has been expressed to transfer the Library to the Capital of the Government, *i.e.*, Delhi. But in this connection I should like to make one observation for the consideration of the House. There is no use in locating the Library in a place where it cannot be of the greatest possible use to which it can be put. One principle to be borne in mind in the location of a large library like the Imperial Library at Calcutta is where is it likely to be made the best use of? I do not think that any of us can contend that Delhi has become the intellectual capital of India. It is at best an artificial capital, a political capital, and I am afraid it will be a century before it can become the intellectual capital of India. Calcutta has been a large centre of learning – the largest centre of learning, if I may say so, and it is also a city which has perhaps the largest population in India. It is the home of learning, more so than any other Presidency town in India. Here I may tell you that Madras at any rate is entirely free from provincial jealousy in a matter of this kind. Supposing that we are to remove the contents of the Imperial Library from Calcutta, I am afraid there will be a fratricidal war between the provinces as to where exactly it should be transferred. I have already explained to you that Delhi is a very unsuitable place to which to transfer such a large and valuable library. You may ask that it should be transferred to Madras or Bombay or to Allahabad or to Lahore.

But there is sure to be internecine war between us. It is therefore best that we leave the Library in Calcutta itself, let us say, by way of right of primogeniture or on some such ground of claim. I would, therefore, appeal to the House to leave the Imperial Library alone in the city where it is, and where it can be applied to the best advantage and for the benefit of the largest number.

Mr. J. K. N. Kabraji: Sir, I rise to a point of order. It seems to me that the motion *as it stands*, cannot be put before the House as the amount of Rs. 72,000 proposed to be omitted includes a non-votable item of Rs. 13,910, and, therefore, the motion, as it stands, cannot be put.

Rai J. N. Majumdar Bahadur: If this Library is to be located at Nagpur, I should, be the last person to vote for the motion. It is a matter of great regret to me that a doctor learned in the law should be so jealous of the City of Calcutta which has given culture to the whole of Northern India. Nagpur was affiliated to the Calcutta University and all its graduates are graduates of the Calcutta University. So also the United Provinces and Bihar and Orissa. My learned friend, Mr. S. Sinha, was only till a few days ago an alumnus of the Calcutta University, and that he should prove so ungrateful within a few years of the removal of the capital from Calcutta to Delhi, very much pains me. Sir, Calcutta is not only a city of Bengalees. It is a city of Marwaris, of Punjabees, it is a city of Bombay people. I wish Mr. Dwarkadas, our friend from Bombay, would only come and see how many Bombay people, Guzeratis, Marwaris, are there—all at the cost of Bengal. I do not envy them. We welcome everybody, European and Indian, Punjabi or Madrassi or Bombay men. The fact that in this House, of all men, Dr. Gour, a doctor of learning, should propose the removal of the Library from Calcutta or a withdrawal of the grant to it, staggers me, and it only shows that though he is a doctor of learning, his heart is small.

Dr. H. S. Gour: Sir, may I reply? I shall very briefly now reply to the various speeches that have been delivered on this very small question. Taking up my learned friend, Mr. Majumdar, first he appealed to the House not to forget the obligation under which the rest of India lay to Calcutta. I should be the last man to do so. He calls upon the House not to be ungrateful to that City. The question is not one of gratitude, but one of convenience and bare justice. Are we entitled to divert the Imperial revenues for the upkeep of a local library as it has now become? The Honourable Mr. Chaudhuri said that this is a Library which belongs to the City of Calcutta where all sorts of communities have their abode and make a living. That again is beside the mark. As I said in answer to Mr. Majumdar, the question is not what sort of population inhabits Calcutta, but the only question is that this Library which was intended to be an Imperial Library has ceased

to be so by reason of the shifting of the capital from Calcutta to Delhi, and, therefore, the maintennance grant for this Library can no longer be made an Imperial charge. That is the short question with which this House is confronted. Another speaker remarked that I was for the removal of the books from Calcutta to Delhi. Again, another speaker travesty-ing my speech said that I was for the division of these books in the Imperial Library to the different centres in India. Sir, if you will read my Resolution, I have studiously avoided saying anything at all about the books. All I have said is, that this should not be an Imperial charge. Bengal is rich enough to maintain a library of that magnitude in Calcutta, and I believe that my friends from Bengal would not deprive us of this small sum saved, which will be necessary for the purpose of installing a library in this Imperial city. I ask my learned friends to vote with me and not against me, because they now come to Delhi for the purpose of discharging their duties to this Assembly, and it is essential that we must have a library in the capital of India, and it is not possible unless we economise our funds, and the only source of economy that occurs to me is to saddle the people of Bengal with the upkeep of a library which belongs to them and is situated in the capital of Bengal.

Then, Sir, it has been said by the Honourable Messrs. Sharp and Hailey, that the Imperial Library is a Central subject. It is, but the fact of its being a Central subject, does not necessarily imply, I venture to think, that this Assembly should maintain it. If it was a Central subject, the Government of India could have arranged with the Government of Bengal for its upkeep by suggesting to the Government of Bengal the allocation of funds necessary for that purpose. I, therefore, submit that the mere fact that it is a Central subject does not carry with it, by necessary implication, a charge of Rs. 72,000 which should be borne by the Imperial revenues for the upkeep of that Library. My learned friends referred to the Zoological Museum and the Indian Museum and the rest of them. What we are concerned with here is one fixed charge of Rs. 72,000 for the upkeep of what is now indubitably a local library in Calcutta, and the sole question before the House is whether the rest of India should pay for the maintenance of a library for which the whole of India receives no return, and I, therefore, call upon this Assembly to vote in favour of my amendment.

I wish to say one more word in response to what has fallen from the Honourable Mr. Hailey. He says that if it is the sense of this House that there should be a change in the Devolution Rules transferring this from the Central to the Provincial subject, then a communication with the Secretary of State is possible. If the Honourable Mr. Hailey will assure this House that he will communicate with the Secretary of State and make this Library a provincial subject, in that case I shall be able to withdraw this amendment this year, but unless I get some assurance, a definite assurance from the Government that this charge will not continue next year, I am afraid, I must press my amendment.

The motion :

'That the provision of Rs. 72,000 for charges in connection with the Imperial Library be omitted'

was negatived.

The Honourable the President: Before adjourning for Lunch, I will draw the attention of this Assembly to the fact that discussions which we shall have under Demand No. 43 relating to Simla had better be concentrated on one important amendment. As the amendments have been put down, there would be successive Members raising the same subject. I, therefore, propose that the main debate be taken on the amendment No. 23 in the name of Mr. Seshagiri Ayyar, who proposes to omit the provision for the Council Chamber at Simla of Rs. 5,64,500. That is the most substantial of all the amendments and it is on that that I propose to allow a general debate on the Simla question. The debate on the other amendments will be restricted to the exact questions they raise.

The Assembly then adjourned for Lunch till Three of the Clock.

The Assembly re-assembled after Lunch at Three of the Clock. The Deputy President was in the Chair.

The Honourable Dr. T. B. Sapru: Sir, with your permission I wish to move before the House a formal Resolution which speaks for itself. It is this :—

'This Assembly recommends to the Governor General in Council that Mr. A. D. Pickford be appointed to be a Member of the Committee already appointed to consider the Report of the Esher Committee in place of Lieutenant-Colonel Herbert who, by reason of sickness, is unable to perform his duties.

We have held two sittings of the Committee but, unfortunately, Lieutenant-Colonel Herbert has not been able to attend on account of his sickness, and we have therefore come to the House itself to sanction the substitution of Mr. Pickford, who, I understand, is willing to serve on the Committee, for Lieutenant-Colonel Herbert.

The Resolution was accepted.

Assistant Metallurgical Inspectors.

Mr. Pyari Lal Misra: Sir, I beg to move :

'That the provision of Rs. 21,000, at page 181 be reduced by Rs. 12,000.'

If we turn to page 181, Miscellaneous Department, we notice that this Department is a new one altogether and the staff is also a new one. Item No. 2 contains two Assistant

Metallurgical Inspectors. From this item I wish to take away one Inspector, because this is, after all, a new Department, and we should like to see how it works. There is no necessity to have two Assistant Inspectors and my demand is that Rs. 12,000 be deducted therefrom.

Mr. Wali Mohamed Hussanally: May I ask to what demand this relates?

The Deputy President: Demand No. 39. It is not printed there.

The Honourable Sir Thomas Holland: I am sorry, Sir, that I was not here in time to hear the details of the motion that was made, but I take it for granted that it is in accordance with the notice that was given that one Assistant Metallurgical Inspector should be reduced, leaving a junior officer of the value of Rs. 825 a month.

Well, I should like to explain to the House that our Metallurgical Inspecting Staff is still below what is absolutely necessary for safety. The Inspectors are now faced with an increase in work due to an increase in the total output, especially of the Tata Iron and Steel Works which are being enlarged very greatly indeed; they are putting up new blast furnaces and with blast furnaces new steel works. The work, therefore, is increased by the total quantity of material that requires inspection. The work is increased furthermore by the increased variety of materials to be inspected. This month we shall have to inspect steel plates as well as steel bars and angles, and the work has also increased by the fact that now the works are spread over a very much greater area, so that the ground to be covered by the Inspectors in their visits to the works is very much greater than before. We are unable at present to obtain Indian Inspectors for this work, because we have no provision in the country for metallurgical training. We train chemists and various other scientific workers, but we have no metallurgical institution so far. That is one of the proposals made by the Industrial Commission and a proposal which we hope to take up as soon as the financial situation will permit us to do so.

Now, these officers who inspect the steel are responsible for the strength of structural steel, as well as the reliability of steel rails used on our railways. It would obviously be very dangerous indeed to allow any inspection of this kind to be reduced intensively, for the Inspectors have to inspect by samples. It is impossible for them to inspect every sail or every beam, but they must take a certain number of rails or beams out of each lot. If they reduce the number of beams or rails actually inspected, the risk is consequently and proportionately increased. In addition to the work of actual inspection according to the British standard specifications, the Inspectors ought now to be undertaking reasearch work in order to modify the specifications to suit Indian conditions. So far it has been utterly impossible for them to spare time to undertake any form of research work of this sort. We are accordingly carrying on blindly with the British standard classifications. That may be or may not be an economy. It is almost certain though that it will be desirable to modify the specifications to suit Indian conditions, and for this purpose the inspecting officers ought to be qualified by their training, and ought to be allowed a sufficiency of time to undertake work of this nature. We have already arranged for a slight extension of the buildings so as to introduce some more plant, the plant necessary to do their testing work. At present we have no testing machine that will deal with steel of heavy standards and the result is that our Inspectors have been up till now dependent on the hospitality of the Tata Iron and Steel Company.

We think that with the extension of the works and the demands made on the apparatus used by the Company itself we ought to be independent, and we propose, therefore, to provide Rs. 35,000 of which Rs. 30,000 will be due to the extension of the office and laboratory buildings, and Rs. 5,000 for freight and erection charges of certain machinery now expected out from home. I have inspected these offices frequently, and I have not the slightest doubt myself that the Inspectors are now overworked and are just reaching the stage when they are forced to reduce the number of inspections made. Consequently, they are reaching the danger line. I ought also to explain that in addition to the work of the Government Departments and railways, they undertake the inspection of structual steel for private firms that buy from the Tata Iron and Steel Company. For this work a scale of fees is charged and credited to Government. A portion of the fees, limited to Rs. 500 a month in the case of the senior officers, is credited to the officers who do the work; but the Government gets the main share of the income, and last year our income from fees alone was just about two lakhs. So you see, the Metallurgical Inspector is a paying enterprise even from the point of view of pure cash, apart altogether from the fact that he is an essential insurance against the possibility of our having failures in structural steel and railways. I hope, therefore, the House will understand that it is impossible at present to reduce the staff. On the other hand, it may be necessary in the very near future to ask permission to increase it.

Mr. Pyari Lal Misra: Sir, in view of the remarks made by the Honourable Sir Thomas Holland, I wish to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

The Deputy President: The question is:

'That a sum not exceeding Rs. 12,12,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Miscellaneous Departments'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: I beg to move, Sir:

'That a sum not exceeding Rs. 31,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st of March 1922 in respect of 'Currency.''

Currency.

The motion was adopted.

The Honourable Mr. W. M. Hailey: I beg to move, Sir:

'That a sum not exceeding Rs. 21,45,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of the 'Mint'.'

Mint.

(The Honourable the President here resumed the Chair.)

Mr. E. L. Price: Sir, I want to ask what is the position of the Bombay Mint. I understand that under a provision made after Government, as an emergency measure, had coined some gold mohurs—now no longer in circulation—the Bombay Mint was made a branch of the Royal Mint for the purpose of coining sovereigns. I want to know if the Bombay Mint is still open to the coining of sovereigns from gold produced in India and gold imported into India, or, if not, why not?

The Honourable Mr. W. M. Hailey: Sir, I may explain the exact state of the case. We agreed in the Legislative Council this time last year to re-open that section of the Bombay Mint which was devoted to the coining of sovereigns. We have been in correspondence with the Royal Mint, and they are prepared to take charge again of that section of the Mint which coins sovereigns and to send out the necessary establishment to supervise the work. We have, as the Honourable Member no doubt knows, a large stock of sovereigns at present; but we are making arrangements to re-open the mint, as I have said, as soon as it is required to coin fresh sovereigns here.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 21,45,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of the 'Mint'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: I beg to move, Sir:

'That a sum not exceeding Rs. 3,28,54,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Exchange'.'

Exchange.

Mr. E. L. Price: Sir, before we pass this vote, I think we ought to have some information as to what would be the effect on the Budget if exchange failed to rise above the present basis of 1*s.* 3*d.*

The Honourable Mr. W. M. Hailey: Sir, I think on a question of this nature, it would have been more suitable if the Honourable Member had given formal notice; if necessary, we could have had a general discussion on the subject. I do not understand, however, that he desires to reduce this demand for grant in any way, but merely means to ask for information. If our exchange transactions are not effected at an average of 1*s.* 3*d.* there will be extra expenditure over that provided in this demand. That is the only answer I can give the Honourable Member at present. In the course of my Budget speech I said that we were not making real forecast, but for accounts purposes we were putting the figure at 1*s.* 8*d.* The effect of putting it at 1*s.* 8*d.* is shown in the present demand for grant; and if in the course of the year we do not realise that 1s. 8*d.*, there will be an excess.

Mr. E. L. Price: An excess, Sir? I did not quite catch the last words of the Honourable Member.

The Honourable Mr. W. M. Hailey: An excess over the sum now provided.

Mr. E. L. Price: Of what sort?

The Honourable Mr. W. M. Hailey: The amount of the excess will depend entirely on the rate realised.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 3,28,54,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Exchange'.'

The motion was adopted.

Sir Sydney Crookshank: I beg to move, Sir:

'That a sum not exceeding Rs. 1,19,50,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 for 'Civil Works'.'

Civil Works.

PROVISION OF RS. 3,00,000 FOR THE VICEREGAL ESTATE.

Dr. H. S. Gour: Sir, the amendment that I have the honour to move, runs thus:

'That the provision of Rs. 3,00,000 for the Viceregal Estate be omitted.'

This item appears at page 201, of the Demand Book.

You will find, Sir, at page 201, a sum of Rs. 3,98,000 is demanded for the maintenance and repairs to the existing Viceregal Lodge. Members of this Assembly have been promised a full dress debate on the question, if I understood the Honourable Sir William Vincent aright, firstly on the question of the annual exodus to Simla and the desirability of the Assembly holding its sessions there, and secondly on the desirability of holding its sessions in Delhi or elsewhere. Connected with that question is the other question about the expenditure which is being incurred from year to year upon the establishment of the Imperial capital in this city. I understand that ever since the decision of the Government of India to move from Calcutta to Delhi, a sum of 5 crores of rupees or thereabouts has been expended upon the construction of the new capital, and if I understand aright, a sum of Rs. 8 or 10 crores still remains unspent on the construction of this capital. Now, I venture to submit that if the capital is to be transferred from this end of the town to the other end, namely, the Raisina town, I fail to understand why large sums of money should be annually required and spent for the amelioration of the present Viceregal Lodge. If the intention of the Government of India is to make this place a permanent home of the Government of India, I can understand it, but if *pari passu* with the expenditure upon New Delhi a large sum of money, is being spent here—and presently a vote of this House will be required for one crore of rupees for the construction of the new capital at the other end of the town,—I do not feel justified in casting my vote for incurring so large an expenditure. It may be, Sir, that after this Assembly has been given a chance to discuss the question first of the exodus of the Government of India and of this Assembly to Simla, and secondly about holding the sessions in Delhi, it may come to the conclusion that it approves neither of Simla nor of Delhi, and it may be that this Assembly decides that a new site must be found for the establishment of the capital in this country. In that case all the money that we will vote in this year of stringency will have been lost. I therefore submit that the first thing that we have to decide is whether we should go annually to Simla, or rather the Government of India should go annually to Simla, and whether this Assembly should hold its sessions there; and secondly if it does go to Simla whether we are satisfied with Delhi, and thirdly, even if they are satisfied with Delhi, whether we should build at this end of Delhi or at the other end. Unless we are prepared to decide upon these questions, it is impossible, I submit, for this Assembly, to vote continuously from year to year large sums of money for the maintenance and upkeep of the Viceregal Lodge here. I therefore submit that before the whole question is decided, we should not vote this large sum of money for the purpose for which it is required.

Sir Sydney Crookshank: Sir, under the ruling of the Chair, we were asked to confine our attention specifically to the particular motions which were submitted. In this case the motion is the reduction of a provision of Rs. 3,00,000 for the Viceregal Estate; I am, therefore, debarred from speaking on the general principle of the location of the Government of India. But I would point out to my able and out-spoken friend, Dr. Gour, that this provision of Rs. 3,98,000 under Viceregal Estates is not for Viceregal Lodge at Delhi alone. It includes Viceregal Lodge at Simla, the Viceregal Estates at Mashobra, Viceregal Lodge in Delhi, certain estates at Dehra Dun and the Imperial estate of Belvedere in Calcutta. The amount herein referred to, Rs. 3,00,000, is, as can be seen by a glance at page 201, very nearly the whole amount of the Budget provision. Now, that Budget provision is this year by no means excessive.

Following on the general principle of reducing our expenditure to the utmost possible, as we were enjoined to do by the Finance Department, the expenditure in this year compares very favourably indeed with that of previous years, and for the information of the House I will just give you an idea what this expenditure has been since the year 1913-14 when the Government of India came to Delhi:

	Rs.
In 1913-14 it amounted to	3,96,136
In 1914-15 " " "	3,73,614
In 1915-16 " " "	3,04,202
In 1916-17 " " "	3,03,112
In 1917-18 " " "	3,53,078
In 1918-19 on account of special expenditure in Delhi, it amounted to	4,95,026
In 1919-20, owing to works done at Belvedere and elsewhere, the expenditure was	5,26,519
In 1920-21, it amounted to	and 4,20,000

It will therefore be seen that the demands made for the ensuing year are distinctly moderate and I think that in the circumstances, since we are asked to record the opinion of the House on this substantial question, it will be agreed that the expenditure may be passed.

The Honourable the President: The question is, that that reduction * be made.

The motion was negatived.

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* *Vide* page 276 of these Debates.

MOTOR BUS SERVICE.

Dr. H. S. Gour: Sir, the next motion I beg to move is to the following effect:

'That the provision of Rs. 2,55,000 for Motor Bus Service for the conveyance of Government of India Establishment be omitted.'

My reasons for this motion are these: In the first place, I submit, there is no reason whatever why the Government of India establishment should stay 6 or 7 miles away from the place of its business.

In the second place, I submit, that if sites cannot be found for the Government of India establishment at this end of the city, then the Government should have constructed, first the Secretariat building on the other side and then should have moved the clerks from Calcutta to here.

My third reason is, that it would be cheaper if there was a train or tram service between Raisina and the Secretariat. It will certainly not cost as much as Rs. 2,55,000. I venture to submit, therefore, that the sum of Rs. 2,55,000 for the clerks and the subordinate establishment of the Government of India is excessive. I would ask the Honourable Member who speaks on behalf of Government to disclose to this House the number of people who are carried daily to and from Raisina, and we shall then be in a position to know what the charge is per head per day, and I submit that the large sum of Rs. 2,55,000 should be disallowed.

Sir Sydney Crookshank: Sir, we are not concerned, in this specific motion, with the policy of the move of the Government of India to Delhi. But in connection therewith, I would like to assure the Honourable Member that as regards constructing the Secretariat first, the proposition is, so to speak, an impracticable one, and that the position at present is, that with 1 crore of rupees annual expenditure on the New Capital, it will take not less than 7 years to complete the new Secretariat buildings at Raisina.

I would like to explain to the Honourable Member who put forward this motion, that he seems to be rather out in his figures. If he refers to page 202 he will find against Motor Bus Service a sum of Rs. 80,000, and under that item he will find a lump sum provision for *pro rata* charge of the establishment in Delhi of Rs. 1,75,000 making a total of Rs. 2,55,000. This is the amount he refers to in his motion. I may perhaps explain that the second item of Rs. 1,75,000 has nothing whatever to do with the bus service. It is the share of the Engineering establishment of the Delhi Province which is charged to that particular head—Civil Works. That is to say, we are only concerned here with a sum total of Rs. 80,000, and I may mention that this amount is to cover the cost of bringing in and taking back from Raisina daily, some 711 clerks at the rate of 12 annas per head per day. This is the contract which we have drawn up with the new Delhi Motor Bus Service and I can assure this House, that this contract is an extremely favourable one. The Company have recently represented to us that their actual cost is Rs. 1-1-0 per clerk per diem, and it will be for consideration whether the rate of 12 annas per day should not be raised to that amount, or, at any rate, to something near it.

When the Honourable Member referred to a cheaper form of transportation in the shape of tramways in and out from Raisina, I should like to point out to him, although I have not gone into the figures, that the initial cost of laying down the heavy tram track, of purchasing trams and erecting poles and wiring and providing all the paraphernalia in connection with this form of transportation would have been a very heavy charge indeed and, moreover, we are very limited in our supply of electric power out at Raisina.

Well, therefore, as a practical engineering proposition, the course that was taken, namely, to make out a contract with the Motor Bus Service, was the most economical in the circumstances. I understand, that although there were considerable complaints about the service last year, it has been working very satisfactorily this year, and also that a large number of residents out at Raisina, that is to say, the families, servants, the senior officers and the public, all use this bus service which is of the greatest utility. Incidentally, it would not have been possible to provide quarters either for the officers or for the clerks or for the menials in Delhi itself. There are not enough bungalows and Government quarters, and in the case of the private bungalows, such as there are, the leases of which are now falling in, the landlords are demanding impossible rates for their renewal. In the circumstances, I think the House will see that inasmuch as the clerks have got to come in and out somehow, and it would not be at all desirable or suitable to give them travelling allowances in lieu of the bus service, because there would then be severe difficulties with the *tonga* and *ticca gharrie* services and so run up the prices, this is the best arrangement that could have been made in the interests of the clerks themselves, and I would ask the House to pass the amount which has been allowed, namely, Rs. 80,000.

Mir Asad Ali Khan Bahadur: May I ask 'what is the income derived by these buses' because these buses are not supplied free to them. The passengers are charged for at 12 annas or 8 annas per head. I should like to know the income derived from these buses.

Sir Sydney Crookshank: I think I explained that the rate per clerk is 12 annas for each day's journey in and out and the bus company, far from deriving an income out of it, are said to be running it at a loss. The clerks who utilise these buses are those who are in receipt of Rs. 500 per mensem or less.

Rao Bahadur T. Rangachariar: Will the Honourable Member permit me to ask a question? I did not quite catch him. This lump sum of Rs. 1,75,000—I could not quite catch what the Honourable Member's explanation was.

Sir Sydney Crookshank: The statement I made there, Sir, was that there is only one engineering establishmeent in the Delhi province under Mr. Keeling, Chief Engineer, and that this establishment carries out all works, whether they are for the new capital which is under Head 51, or for provincial civil works which is under Head 45. It also carries out work in Dehra Dun and in the notified area, and further undertakes the Military Works work out at New Cantonments. That explains the debit transfer of Rs. 1,75,000 from the capital Head 51 to this provincial Head 45.

Khan Bahadur Zahir-ud-Din Ahmed: Sir, I am not at one with my friend, the Honourable Member from the Central Provinces, in this motion. He and some other Honourable friends of mine withdrew their motions for the curtailment of expenses under the Head 'Flying.' If those could be withdrawn, this should be withdrawn as well.

I question whether flying in the air or movements on the earth are the more natural to mankind. One supporting an unnatural thing should not hesitate to support the natural one. I watched all my Honourable friends who supported flying minutely and I found no parts of their bodies were suited to flying. Still they ask for flying. I am for the Motor Bus Service and not for aeroplane flying, on the ground that I do not like to fly, my father did not fly, nor my grandfather. Hence why should I want to fly? I ask those friends of mine who voted for grants for flying to vote for the motor bus at once and reject the amendment. One could with justice have been refused but not this one. In my opinion, if the Motor Bus Service is refused, the Government will ask for an aeroplane service which I am afraid will be more costly. Hence without any further debate I ask my Honourable friends, M. L. A.'s from different parts of the country, to vote for the motor bus without delay.

Dr. H. S. Gour: Sir, as regards the explanation made by the Honourable Member, it is perfectly true that the Motor Bus Service is shown in the demand to cost Rs. 80,000 and the rest of it is shown as 'Establishment at Delhi'. It has now been explained that this amount includes the entire engineering establishment at Delhi, including the establishment intended for the New Capital in Raisina.

Sir Sydney Crookshank: Sir, I rise to a point of order, or rather to a point of personal explanation. I did not state that this Rs. 1,75,000 was the whole cost of the whole of the Engineering establishment at Delhi. What I wished to convey to the House was that it was the *pro rata* proportion of the establishment charges debitable to civil works.

Dr H. S. Gour: If you turn, Sir, to page 361 of the book, you will find 'Engineering Establishment—one Chief Engineer . . . .'

The Honourable the President: Order, order. The Honourable Member must move his amendment in a different form if he wishes to have the freedom to discuss the Engineering establishment. He has been told that by an error on his part he has included the Engineering establishment to which he had no intention of referring. I ask him to confine himself strictly to the terms of his own motion.

Dr. H. S. Gour: Now, Sir, as regards this Rs. 80,000, Sir Sydney Crookshank has pointed out that the completion of the New Delhi in Raisina will take about seven years, and the annual cost of the Motor Bus Service for 700 and odd clerks is Rs. 80,000 a year. Now, if you multiply Rs. 80,000 by 7, I think you will arrive at the neighbourhood of Rs. 6 lakhs. Now, I do ask whether it would not be cheaper for the Government to construct a temporary Secretariat in Raisina, including a hall for the accommodation of the Honourable Members of this Assembly and the Members of the Council of State. This would certainly cost much less than Rs. 5½ lakhs and place not only the clerks but also the Honourable Members of this Assembly under very great obligation. The clerks as well as ourselves suffer intolerable inconvenience in living at one end of the town and coming here six miles away for the purpose of business. I submit that it would be economical in the end, if a temporary Secretariat were constructed somewhere in the proximity of the hostel there or the clerks' buildings, and the work of the Secretariat and the Legislative Assembly conducted there till the completion of the permanent buildings.

I, therefore, submit that this motion ought to be carried.

The motion* was negatived.

LONGWOOD HOTEL, SIMLA.

Dr. H. S. Gour: The next amendment I beg to move, Sir, runs as follows:

'That the provision of Rs. 74,000 for the extension of Longwood Hotel, Simla, be omitted.'

This is another point upon which I should like to elicit the opinion of Government. From the information which I have been able to collect, I find that the Longwood Hotel is intended for the accommodation of Members of this Honourable House while the Legislative Assembly is in session in Simla, that it has been acquired for that purpose, and that it is being adapted for the purpose of accommodating Members of this Assembly. So far as my information

* That the provision of Rs. 2,55,000 for Motor Bus Service for the conveyance of Government of India establishment be omitted.

goes, this Hotel is two or three miles away from the place where the Council Chamber is under construction. I submit, if this is the case, then the Government is perpetuating the same mistake which they have committed here of locating the Members a long distance away from their ordinary place of business. Here we can afford the service of a motor car, but in Simla we cannot. We are told that we might be able to get to our place of business on horses. I do not suppose that every one of us can afford to ride a horse. The result would be, that it involves walking three or four miles every morning and evening to our place of business. I beg to submit, that the expenditure of Rs. 74,000 for the extension of Longwood Hotel shall be deferred till this Assembly has had time to decide whether it is willing to move to Simla for the autumn session. Therefore, I submit, that we must, first of all, address ourselves to the question : Is this Assembly of opinion that its legislative business should be transacted at any part of the year on the cloudy heights of Simla, and if it is of opinion that it should not be so transacted, I submit, that this motion for reduction should be carried. I therefore submit, that this question again is interlinked with the main question whether this Assembly does or does not wish to go to Simla, and I would ask the Honourable Members to indicate their opinion as to whether they are prepared to go to Simla for the Simla session. If they are not, they will support me in this amendment.

Sir Sydney Crookshank: I understood from the ruling of the Chair that the principle as to whether the Government of India would go to Simla during the course of next seven years while the new Secretariats are under construction, or would carry on in our present Chamber and surroundings, is a matter which will be discussed on the motion which is down in the agenda under No. 22.

As regards the specific motion put forward by my esteemed friend, Dr. Gour, I will just explain to him what the actual circumstances are in this case. We acquired late last summer the Longwood Hotel which stands on the Elysium at a distance of 1½ or 2 miles at the utmost from "Gorton Castle," that is to say, the locality of the new Council Chamber, at a cost of 5 lakhs of rupees, and I maintain, that we made a very good bargain of it. The alternative was to have bought the Grand Hotel at a cost of 20 lakhs. That was considered rather too ambitious. We are at the present providing additional accommodation at the Longwood Hotel at a cost of Rs. 1,74,000 and we are also building some quarters below the Cart Road for those who live in the orthodox style at a cost of Rs. 87,914. Against the acquisition of the Longwood Hotel there has been paid Rs. 5 lakhs. Against the other two items we have liabilities to the extent of about Rs. 1,32,000. The accommodation which will be provided eventually under the measures in contemplation for the provision of orthodox style quarters will be roughly 60 quarters for the Members of this Assembly and of the senators of the Council of State, if I may give the Members of the other House that nomenclature, and about 40 quarters for those living in the European style, total about 100. That of course is not anything like enough for the total number of Members of the two Houses, but inasmuch as there are a certain number of officials and certain others who prefer to go to hotels or make private arrangements, it is thought that a provision of 100 quarters would suffice. If this item of Rs. 74,000 is disallowed, not only shall we have to stop the work on the orthodox and some of the unorthodox quarters, but also incur heavy liabilities, and I may, for the information of the House, explain here that the difficulties of carrying out work in Simla are extremely great. Labour is very short. Materials have to be brought up from a distance and now that all these arrangements have been made and the work is progressing, I hope satisfactorily, it would be a thousand pities, I speak from my own personal point of view, to shut down work on the provision of these quarters. I, therefore, leave it to the House to judge the matter from the business point of view. Incidentally, I may add that the value of house property in Simla is rising by leaps and bounds every year and that these quarters will, if not required for use by the Members of these two Houses, really be a very valuable property which can be disposed of to advantage. It will thus be seen, that if we cut down this Rs. 74,000 not only do we throw a certain amount of difficulty but probably considerable inconvenience on the Members of the two Houses who have not got the means of making their own arrangements in Simla, and I may mention that in Simla it is often very difficult indeed to get accommodation in the hotels or elsewhere, and I think the House will agree that as a purely business proposition our measures in this respect are on sound lines. I would, therefore, prefer to leave to the House the question of rejecting this amendment.

Mr. Wali Mohamed Hussainally: I have one or two remarks to offer in connection with this question. I really think that the question of the exodus to Simla is a very important question which ought to be decided before this question is taken up and I therefore beg for a ruling from the Chair whether it would not be in order to defer consideration of this question until that question is finally decided, and my reason for asking for it is that if we now budget for this provision, we are practically committing ourselves to the course of going over to Simla for the next session, which I think ought not to be done.

I think several Members will find it difficult now to vote one way or the other until that question is thrashed out and decided. Therefore, I agree with my friend, Dr. Gour, in asking that this should be deferred until that larger question is decided.

The next fact that I would point out is, that the accommodation that is being provided for Members of the Assembly is, if anything, too small, because, if I understood the Honourable

Member for the Public Works Department aright, the accommodation that is going to be provided there will be only for about 100 Members, whereas the total number of this Assembly is very much larger than that, so that there will be very keen competition for the accommodation there. If we decide the question of the exodus, against moving to Simla, even then, according to what we have just now heard, there will be no difficulty at all, because the hotel can easily be disposed of or utilised in another way at a considerable profit. That is for the Government to say, but we just now heard that it was a very good bargain, and, if this provision is not made, still a good price will be got for that property. All the same, Sir, I think that the question of the exodus is a very important one, which ought to be discussed before this provision is made.

The Honourable Mr. W. M. Hailey : If you could allow this, Sir, and if you would allow it to be done, it would be suitable from the point of view of Government if the question arising out of motions Nos. 22 and 23 were decided before this question was proceeded with.

The Honourable the President : The motion to postpone consideration of the motion for reduction standing in the name of Dr. Gour is in order. Do I understand the Honourable gentleman has moved that motion ?

Mr. Wali Mohammed Hussainally : Yes, I would like to move the proposition that the consideration of this question might be put off.

Dr. H. S. Gour: If my consent is required, I freely accord it, that these Resolutions standing in my name might be deferred until the larger question about the exodus to Simla has been decided.

The Honourable the President : The original question was :

' That the provision of Rs. 74,000 for the extension of Longwood Hotel, Simla, be omitted.'

Since which it has been moved to postpone the consideration of this amendment as well as the following amendment No. 21* until the amendment No. 22† has been considered and disposed of.

The motion to postpone consideration of this amendment was adopted.

COUNCIL CHAMBER IN SIMLA.

Mr. T. V. Seshagiri Ayyar: Sir, the unpretentious Resolution which I have given notice is apparently attracting keen attention on the part of my friends in this House. Sir, there can be no doubt that outside this Assembly the voice of the people is almost unanimous against legislation in Simla. (Cries of 'Louder, Louder') I said that outside this House the opinion is practically unanimous that there should be no legislation from the heights of Simla (Cries of 'No, No.') I am aware that a section of this House is against it (Cries of 'We are all against it.') I am glad to hear that. I know that there is a certain section of this House which apparently is of opinion that we must legislate only from Simla. I did not say that this House is of opinion unanimously; I particularly took care to say that outside this House opinion is unanimous that there should be no legislation from Simla (Cries of 'No, No.') That is what I began with and I adhere to that. Now, Sir, it will be seen how far this House reflects that opinion when we come to take votes upon this question. If you vote, that we should go to Simla and legislate, it may be that you will be able to influence public opinion later on, but I must warn you that you will be running counter to the strong stream of opinion which is flooding the country on this subject.

The Honourable the President: The Honourable Member had better put himself in order by moving the amendment which stands against his name.

Mr. T. V. Seshagiri Ayyar: Sir, I was overwhelmed by the number of interruptions that were made at starting and forgot to move my Resolution. The motion which stands in my name runs thus :

' That the provision of the sum of Rs. 5,64,500 for building a Council Chamber for the Legislative Assembly in Simla be omitted.'

That is my motion. On the present occasion I mean to confine myself entirely to the undesirability of legislating from the heights of Simla. I am not going into the larger issue as to whether the exodus of the Executive Government to Simla should be encouraged or not. I want this House to concentrate its attention upon one particular point, and that is whether it is in the interests of the country, whether it is in the interests of this House, that we should legislate for the country from Simla. That is the point which I wish to submit to the consideration of the House.

Sir, this question of the exodus to the hills is a very hardy annual. You will find, Sir, you are new to this country but you might have heard that in almost every provincial Council this question has been debated from time to time; at every session of every provincial Assembly this question of the exodus has been raised, and although the Government has been against it from

*No. 21—' That the sum of Rs. 1,12,000, provided for the quarters of the non-official Members of the Council (page 51) be omitted.'

†No. 22—' That the provision of the sum of Rs. 5,64,000 for building a Council Chamber for the Legislative Assembly in Simla (page 51) be omitted.'

time to time, I think the Government will admit, that they have not been able to kill this particular annual altogether; something has been sprouting up always and has been giving the Government trouble on this question. Now, Sir, the persistent agitation which has gone on in this country, though it has been denied by a section of this House, has borne excellent fruit. I refer to my own province of Madras. In Madras while I was in the Legislative Council 8 years ago, I took some part in an agitation against legislating from the clouds of Ootacamund. None the less for a long time there was no response from the Government; but the voice of the people of Madras was so insistent on this question that the Government has at last been obliged to yield, and the result is that the Government has now resolved that there shall be no legislation in Ootacamund. The Madras Government will move down to the plains whenever there is to be a session for legislation, and I think my friends on this side of the House will join with me in conveying our heartiest thanks to His Excellency Lord Willingdon for the exceedingly good example he has set in this matter. It is purely owing to his initiative that this legislation from the heights of Ootacamund has been given up, and I hope that the Members of this Government will imitate his example and resolve that there shall be no more legislation from Simla.

Now, Sir, I would ask the other side of the House one question, is there any instance of a civilised country having two Parliaments in two different places ? Can you quote any instance in which there is one Parliament or one Parliament House where you debate for two months and another Parliament House for debating a little later ?

I believe the answer will be in the negative. Now, Sir, I shall very shortly give you my reasons for bringing forward this Resolution. As a large number of Members are expected to speak on this question, I shall not detain the House very long. There are three reasons why legislation should not be attempted from Simla. The first is, it is very expensive. On the question of expense, the Budget before you speaks for itself. There is no doubt that considerable money has been spent and will be spent if legislation is to be undertaken from the heights of Simla. I asked for information as to how much has already been spent. In answer, this information has been given : ' With reference to your letter,dated the 4th instant, I write to say that the figures you require are approximately as follows : Temporary Council Chamber for the Legislative Assembly Rs. 3,85,000, Residential Accommodation for Members of the Reformed Councils Rs. 6,32,000.' So, already apparently a sum of Rs. 10 lakhs has been spent ; but, as was pointed out by my friend on the other side , you will be able to dispose of it to profit—but that is not the point. If I understand the position aright, for a very long time it was tacitly understood—I believe it was one of the recognised unwritten traditions of Government that there should be no contentious legislation from the summer residence. I believe that was so. Now, those were days when there were no representatives of the people on the Council. It was at a time when the Government itself chose the Members of the Council. Still, because there was such a persistent opposition to legislate from the summer residence the Government of those days did not attempt to debate controversial matters from their summer residence. Then we come to the days when the Morley-Minto scheme came into force. One would have expected that when the Councils were enlarged and expanded and when the voice of the people was being more and more heard, there would be more yielding to the wishes of the people on this matter. On the other hand, I believe the example was set in Lord Minto's days of having contentious legislation from Simla. It was considered very exceptional, and the people allowed it to go on because it was represented at the time that if legislation was not attempted then the country would be in a state of revolution. What was done by Lord Minto was followed a little more in detail in Lord Hardinge's days. Now, Sir, at present we are told that already a temporary Council Chamber for the Legislative Assembly has cost the Government Rs. 3,85,000; apparently when the Council Chamber is completely finished, it would cost something like Rs. 20 lakhs. Now, the desire to have legislation from Simla seems to me a measure which would not in the least have the approval of the people. Apparently the appetite grows on what it feeds. Not having any contentious measure at first, and then with passing a few measures from the heights of Simla, we are now asked to have a permanent location at Simla from which legislation, whether contentious or non-contentious, is to be undertaken permanently. That seems to me to be a very grave state of affairs which requires explanation. Therefore, in order to avoid expense of this extraordinary kind, this Assembly should see that no legislative work is done in Simla.

Another reason for my motion, Sir, is this, that it is very inconvenient. I think it was Mr. Price, if I remember aright, who said the other day that there are no good roads in Simla and no conveyances except rickshaws; and if I understood him rightly, it is only Jupiter who is allowed the use of motor-cars and that all minor gods have to walk the earth as other mortals do. Why should we put ourselves to all this inconvenience for the purpose of having a Simla session ? Therefore, on the question of convenience, there is no doubt, that we should not move to Simla for legislative sessions.

My third reason is this, that it is very undesirable that we should have a session in Simla. If I remember aright, a Parliamentary Committee in England said that a disaster in the recent European War near Turkey was due to the absence of the Government in Simla. Now, if that can be said of the Executive Council being in Simla, and if it is true that because of the absence of the Executive Council from the plains and their remaining in Simla, these mistakes had happened before, it is a greater reason why this Assembly should not be dragged to Simla. It is bad enough to take the Executive Council Members there; it would be worse if you ask the Legislative Assembly Members also to go there.

Therefore, Sir, for these three reasons, namely, it is expensive, it is inconvenient, and it is undesirable, I ask that the move to Simla in order to legislate from the heights of Simla should be given up. It may be said that Delhi being a very hot place and not possessing a good climate, you cannot expect to finish legislation here. To that, my answer is this,—and I make a tentative suggestion to the Members on the other side of the House and I hope they will accept it. You can legislate for six months in Delhi, that is to say, from October to April. You can sit here from October to the middle of December, adjourn for a month and assemble again from the 15th of January to the end of March, and it would give five months for this Assembly to legislate. That would be ample time for any legislative session. It may be asked, supposing there is a measure of emergency which requires the presence of the Assembly Members; supposing between April and October, it is desired to call the Members of the Assembly to deliberate upon a particular point, how will you provide for it. My answer is this. If there is such an urgency, you must come down to Delhi; the Members of the Government must come down to Delhi. We are not made of ice, we are not going to melt away by remaining here for a few days, we must come to Delhi and share the sufferings of the people for about a fortnight. For example, the Honourable the Finance Member has been spending, I think, almost all his time in the hot climate of Delhi. Now, if the Honourable Mr. Hailey could endure the heat of Delhi, could we not for about a fortnight or a week come down here, remain and legislate, and share with the people the hot climate and their sufferings also? It will show our practical sympathy with them, and, therefore, the possibility of there being an emergency arising which will call together the Members of this Assembly does not in the least stand in the way of the suggestion I have made of having no session in Simla. The place, then, I am told, will be perfectly good, there will be no malaria, and it will not be sickly. Under those circumstances, I ask this Assembly to say that it is altogether unnecessary to have a session in Simla.

Sir, I have practically done. I must point out that on this question of exodus to the hills all classes and communities are united. Europeans and Indians are all against legislation from Simla, and I may say that all shades of opinion are against it—Extremists, Nationalists and Moderates,—all of them are against legislation from Simla, and every newspaper, Indian or Anglo-Indian, has been writing against it. Now, under those circumstances, I ask you, the Members of this Assembly, are you going to go against the current of that opinion? If you do that, will you be regarded as truly representing the people of this country in this Assembly? By your vote this evening, you will tell the people outside whether you are truly representing them in this Assembly or not, and I would ask you to bear that in mind in giving your votes.

Mr. R. A. Spence: Sir, when I understood that this debate was coming up this afternoon, I thought it would probably be the Members of Government who would be having the nastiest time; but it seems to me, as an Ordinary Member of this Assembly, that there is a very unpleasant time before us if this motion is accepted. The Member who moved this motion, spoke about public opinion outside, and the view he gave of public opinion was challenged by various Members of this House. There is no doubt one view of public opinion which will not be challenged, and that view is that public opinion holds that the Members of the Legislative Assembly should work well and that they should cost the country as little money as possible. Now, I maintain, that if we have to stay at Delhi during the hot weather, we shall not work well, and I also maintain that if we do not go to Simla we shall cost the country a great deal more money than we do by going to Simla.

Several Members: How? How?

Mr. R. A. Spence: Well, you have got to bring the people down from Simla. If you are going to keep your clerks in Delhi the whole year through the hot weather, you have got to pay them more for staying here. You have made all arrangements for them in Simla, and if you are going to upset all those arrangements and bring them down to Delhi, it is going to cost you more.

Then, the Honourable Member, who moved this motion, suggested that we should meet in Delhi only in the cold weather. Well, does public opinion outside want every Member of this Assembly to be a man who does no work at all? I think that the majority rather like to have a Member of the Legislative Assembly who has got a job of work to do, and if you are going to have those sort of people here, you cannot have them staying in Council for six months in the year. Anyhow, you would lose me, and perhaps for that very effective reason, I oppose this motion very strongly.

The Honourable Sir William Vincent: Sir, I want to deal with one point raised at the earliest moment, namely, the suggestion that the Government promised a day for a full dress debate on this question. That was not my intention at all when I made my previous statement. What I did say was, that an amendment had been moved on a particular Resolution regarding continuous sittings and I thought it was unreasonable that this question should be discussed as a side issue. I then suggested that if any Member wanted to raise the question, he ought to raise it by way of a Resolution in the ordinary manner. I am not aware that I ever promised a date for any full dress debate of this question.

Turning to the merits as the Honourable Mover said, the question of the move to Simla of the Government does not arise really on this motion at all, which is merely a discussion whether this Assembly should sit here or in Simla during the rains or whenever it has to

meet at any time other than in the cold season. The question is really one for this Assembly to settle for itself. Government is in no way anxious to bind the Members to —the Honourable Member said, I think, the other day—their chariot wheels. The attitude of Government is neutral in this matter. The Assembly will decide for itself where it wants to sit. If it wishes to sit in Simla, it can secure this by passing this demand. If it decides upon Delhi, then it can reduce the grant. It is purely a matter for their decision. But I think myself that Members would find it very inconvenient to sit here in the extreme hot weather as there will be no Chamber at Raisina, at any rate, for some years to come, and that coming in daily from Raisina during the hot weather or during the rains would be very irksome.

There is some support for this view in the attitude which has been taken up by Honourable Members other than official Members, who have had some experience of what the climate of this place is during the hot weather. But it is purely a matter for the Assembly to consider for itself. The suggestion that the Government should remain down here for 12 months is at present out of the question. It is not a feasible proposition because a great many of our officers now live under canvas—there are not sufficient houses for them, and it really would be quite impossible to get officers to serve in the Government of India if they had to live down here under present conditions throughout the hot weather. In my own Department, for instance, we have a Deputy Secretary now living under canvas and it is quite impossible for him to do so during the hot weather. There are many others in a similar position.

As to this particular building in Simla, the position is, I understand—and I hope my Honourable friend, Sir Sydney Crookshank, will correct me if I am wrong—that it is a temporary building for the accommodation of the Legislative Assembly. It has been begun and a good deal of money has been spent on it. The Council of State, it is proposed, should sit in the old Council Chamber which is close to Viceregal Lodge. The building will have to be completed in any case now and it will be available either for sessions or for any Government purposes so long as the Government goes to Simla, or even for emergency meetings if this Assembly decides to sit ordinarily here, and on particular occasions only in cases of great emergency to sit at Simla.

Another point that appears to me to be of importance is the concensus of opinion of certain Members who come from the northern part of India, that Delhi is not a suitable meeting place in the hot weather, and I think, as I said before on a previous occasion, that this Assembly would be acting wisely if it accepts the proposal of a session at Simla for one year and waited until New Delhi is completed, until it knows what the possibilities of this place are, and what the climate in Delhi is like in the hot weather and rains, before definitely deciding to hold all its sessions down here. As I have already said, however, the Government is going to remain neutral on this question. My own information and experience of this place in the summer months is, that it is amazingly unhealthy and hot in certain seasons of the year. There is no question about that, and I defy my Honourable friend, the late Chief Commissioner of Delhi, who is a protagonist for the place, to deny this. The Honourable Mover has told us that there is no precedent for an Assembly meeting at two places. I cannot think of any precedent either ; but on the other hand, I cannot think of any precedent for such extremes of climate as you get in a place like Delhi. I want the Assembly to consider the question from the point of view of their own personal convenience and from the point of view of what is best for the expeditious and efficient conduct of public business. I myself fear that Honourable Members will find it much more convenient to transact their business in Simla during the hot weather season. But if they think they can do it equally well or better down here, then the Government will in no sense oppose the motion.

The Honourable Member said, that it used to be the practice in Simla only to deal with non-contentious legislation. That is so, but the practice was altered some years ago, I think, when I was the Secretary in the Department. I believe it originated at a time when communication with Simla was very difficult.

Now, conditions are entirely different. There is a comfortable railway and large numbers of Indians come from time to time up to Simla for their health, and the place is perfectly accessible and accommodation is also available. I may say I am told that even at that time, my friend, Dr. Sapru, tells me that Mr. Gokhale objected to this restriction—to contentious business not being transacted at Simla and he said it was inconvenient and unfair to the Council.

If, however, it is decided that the Assembly should meet here, I do not think it would be impossible, —one objection was raised on that score —to bring down the clerks in the hot weather. It would cause, of course, a great deal of inconvenience to them, but I imagine we could arrange temporary camp offices down here. But the real question—I want to put it again —which this Assembly has to consider is its own convenience and what is most advantageous for the conduct of public business. Whether they think they will be able to do work better here in these surroundings, having regard to climatic conditions and the fact that they will have to come in from Raisina daily, or whether it would not be better for them to allow this building in Simla to be completed, using it for the time being, and later, when New Delhi is completed, decide for themselves as to whether all the sessions of the Assembly should be held here or not.

Dr. Nand Lal : Sir, the Honourable Mover has given us three grounds on which he bases the strength of his amendment. (1) That we cannot have good legislation on the hills of Simla ; (2) that it is very expensive ; and (3) that it is very inconvenient. Let us examine all these grounds and see whether they can stand or not. My submission before this House is, that none of these grounds is tenable. Taking his ground No. 1, when I go to the Statute Book in India I can find that a larger amount of work was done in Simla. I am speaking subject to correction, but the little I know of the large amount of good work done in the past, on the hills of Simla, convinces me that my learned friend's argument that we could not have good legislation or a greater amount of legislation has no leg to stand upon.

Mr. T V. Seshagiri Ayyar : I never said that you cannot have a large amount of work done in the hills. You are imagining some words that I never uttered.

Dr. Nand Lal : If I rightly followed my learned friend, he said, that we cannot have good legislation in the hills of Simla.

Mr. T. V. Seshagiri Ayyar : No.

Dr. Nand Lal : Then my learned friend meant to say, that you could have good legislation on the hills of Simla. It must be one of these it cannot be both. If he admits that, then his own admission goes against his amendment.

Well, I spoke subject to correction. I am glad to see that my learned friend now comes out with his admission that we can have good legislation on the hills of Simla ; then, of course it goes against him. It comes to this,that if what he meant to say was that we cannot have good legislation on the heights of Simla, then my learned friend, I submit, is not correct. Whether the legislation is good or bad depends on one's brain. Naturally the question arises whether one can work better under better conditions and in good weather or under bad conditions and in bad weather. Now, clearly my friend cannot contradict this proposition that the weather at Simla is decidedly better than that at Delhi or at any other place in the plains. He cannot refute this argument. Then, so far as this argument is concerned, it stands determined once for all and I say it is unanswerable that the weather at Simla is decidedly better than that at Delhi, or at any other place in the plains. If so, then we can work better there, the output of work will naturally be greater and larger. Now, let us examine the other aspect. If the output of work is greater and we can work there more effectively and with greater intelligence, then this is economical. This pays the country.

What we really want is efficient and good work. If our work at Simla will be decidedly better, as I am trying to prove, then it will certainly prove useful to the country, and it is thus not expensive at all. My learned friend while discussing this ground made allusion to some precedent. This may be so far as the Madras province is concerned, but I am sorry to say that this precedent will not appeal to other provinces. My learned friend says, 'Is there any place where there are two sessions and where the Legislative Bodies move from one place to another ?' I would ask my learned friend, if I am permitted by the Chair, to ask, 'Can you cite any country where there are two extremes ?' We have got the severest winter and the severest summer. Does my learned friend really mean to say that we may be forced to work at Delhi in summer and die. I think the constituencies whom we represent would not like this idea. The longer we live, as servants of our country, the better it will be, and there will be a greater amount of work done. If we are troubled and inconvenienced by the scorching heat, we will come here no doubt, but I am afraid, some of us will feel sleepy and some will feel tired. I may say, it is a wrong idea to suggest that we can advantageously hold our meetings here in Delhi or at any other place on the plains in summer. Thus, it comes to this, that if the summer session of this Assembly were held at Simla, that will benefit the country economically, it will pay the country so far as our length of service is concerned, and it will pay the country also so far as intelligent work is concerned.

Now, coming to the second ground, *viz.*, the question of expenses. A few minutes back we were discussing the sum of money which is spent on the conveyance from Raisina to this place, and one of my Honourable friends moved an amendment that this expense was unnecessary. After all it was found that it was not unnecessary. Taking the argument of my learned friend, if the summer session is held here in Delhi, the aforesaid expense will recur. Then, how can my learned friend say, that it is very expensive to hold the summer session at Simla, taking into account this very item which was before this Honourable House only a few minutes back ? Therefore, on this score also, *viz.*, so far as the question of expense is concerned, my learned friend's amendment has got no force whatsoever.

Then, the third argument, which my learned friend advanced with the greatest possible force, was the question of inconvenience. And what is his so-called inconvenience ? It is this, that there is no motor bus, no motor car, in Simla. I may be allowed to point out to my learned friend that if he stays at Simla, it is necessary for him to have a little walk. If he has stayed at Simla, I think he will corroborate me and will have no hesitation in accepting my argument. Our stay at Simla will necessitate our having little walks. And if we have got to walk for a mile, shall we become sick ? It will give strength. It will be exercise. A human being cannot live without having some exercise. Does my learned friend seriously mean to say that we should take no exercise at all, that we may work from 11 A.M. to 5 P.M. and have no exercise, that we should be put in a motor car, come to the Secretariat, and then be put again in the motor car and carried back to our residence ?

I think my learned friend's argument that the whole country is in support of the amendment does not seem to me to have much force. Our country would like that we should work hard, that we should come prepared to work conscientiously, that we may take exercise so that our brains may be in good order and we may work intelligently. My learned friend must bear in mind that we are not so much averse to taking exercise as he is. We are in favour of it. So, on this ground also my learned friend's argument has got no force at all.

Another argument of my learned friend was, that we should have two sittings here in Delhi, one from October right up to the end of November, if I followed him rightly, and then from first January right up to the end of March, that is to say, there should be no summer session at all. I cannot say what he is contemplating, but if I may be allowed to place the right grammatical construction on his argument, then it comes to this, that there will be no summer session, *viz.*, there will be only one session, the summer session being eliminated. Supposing some emergency requires the convening of this Assembly, what will then happen? Fresh summonses will have to be issued. It cannot be disputed that it is necessary that there should be a summer session also, and the history of legislation tells us that there have been summer sessions; one session during winter and the other during summer. So, on this ground also my learned friend's argument cannot hold water.

Then, my learned friend says, that the country has been, as a matter of fact, saying 'you, legislators, cannot hear us because you are far away.' I cannot understand the drift of this argument. If we, when in Simla, cannot hear our people, can we hear them when in Delhi? Is there anything special about Delhi? Newspapers fully convey all ideas to us. Don't we read newspapers when in Simla? Newspapers convey to us the ideas and sentiments and opinions of the people there also. Does my learned friend seriously mean to say that when we go to Simla we cease to read newspapers, or that no newspapers will be sent to Simla? Does he mean to say, that newspapers are only meant for Delhi and other places in the plains? If he admits this proposition, that the postal authorities are quite competent to send newspapers to Simla as well, then, I am afraid, there is similarly no force in my learned friend's argument. We hear our people at Simla as well as we hear them here in Delhi. There is telegraphic communication, there is telephonic communication, and none of these communications is cut off from Simla. If my learned friend knows more than I do in this direction, then perhaps I may feel constrained to give in, but I am afraid I cannot admit it, because I belong to the Punjab, and I am nearer Simla than he is, and I can tell him that his proposition has got no force. Had I realised any kind of force in any of the arguments which have been set up by him, I would have been very glad to agree with him and accept his proposition. But I feel bound to say that there is no force in any of the arguments. Therefore, I respectfully differ from him and I hope that the House will agree with me and reject this amendment which I very strongly oppose.

The Honourable Mr. B. N. Sarma: Sir, the substantial question before the House is as to whether they should accord their sanction to the expenditure suggested under these three items. Its determination is to a certain extent dependent upon a solution of the problem raised by the Honourable Mr. Seshagiri Ayyar, namely, as to whether it is desirable, generally desirable that there should be no legislation, especially of an important character, undertaken in the hills.

The Honourable Sir William Vincent has already indicated to you the attitude of the Government in this respect, that they are entirely in your hands, so far at any rate as the present year is concerned and so far as the present Government is concerned, and that it rests with you as to whether you would have your session during the current year here or in Simla, and speaking as the Member in charge of the Public Works Department, I may say, that to a certain extent the burdens of my departmental officers will be lightened if they had less work to do, but I would like to place before the House certain considerations which should be borne in mind in coming to a conclusion on this subject and I would ask the Members to see whether in the interests of the reformed Government, in the interests of preserving in their hands the powers conferred upon them, it is not desirable that they should have legislative Chambers provided both here as well as in Simla, so that without any difficulty, without any inconvenience, without any undue prolongation of time or delay, they may be able to meet when an emergency arises, when the Viceroy thinks fit to convoke a session or is requested to do so by a large number of Members. We must set aside from our minds the contingency of our being able to discover a place to which the Capital may be removed and located all through the year. Assuming for a moment that that would be the solution ultimately arrived at by this House and by this Government, I would still put it to the House that it will take several years, it may be 5, 7 or 10 years, before you build a Capital of that description. Taking it therefore that Delhi will be the Capital or will be one of two Capitals, because even assuming that you are going to have only one Capital and that in Delhi, it will take about 5 to 6 years before you build the New Capital here, the question is reduced to a simple point. Is the Legislature going to deprive itself of the opportunities which it would otherwise have of holding the session at any time the Governor General may be willing or feels it necessary to hold a session, because it thinks that ordinarily legislation should not be undertaken at Simla or that a few lakhs of rupees may have to be expended on the Council Chambers and in providing accommodation for Members? Well, Sir, I need not expatiate upon the changes during the next few months, because I think Honourable Members will themselves have realised this aspect of the problem. A new Viceroy will be coming who may be desirous of making your acquaintance and discussing

important problems and therefore of convoking the Assembly in the customary manner or during the first few months of his arrival here, and it would be rendering it very difficult for him to have a session if you insist upon no provision being made in Simla. Or it may be that some emergency may arise which may necessitate the holding of a meeting in Simla and by your cutting down this grant you will be permanently depriving yourself, not only this year but generally of holding the session in Simla. And all for what? For an expenditure of about 6 lakhs of rupees on the central buildings for a Council Chamber and a lakh or two on accommodation for Honourable Members. Nearly four lakhs of rupees have already been spent on the building of a Council Chamber. I may incidentally remark that the buildings are going to be so designed as to be suitable for other purposes in case the Legislature should decide upon having no session at any time in Simla. I give that as a piece of information, but, proceeding, I say, you have already spent four lakhs of rupees. Sir Sydney Crookshank has already told you what a wasteful expenditure of money it would be suddenly to pull up and stop work in the middle, and that is exactly what you would be doing if you were to postpone a decision or if you were to deprive the Public Works Department of the grant for which they ask during the current year. Well, then, if you make this grant, you will have an opportunity of deciding later on, if you wish it, not to hold a meeting at any time in Simla. If you so decide, then this money will have been utilised in the construction of buildings which the Government of India feel necessary for other purposes. Therefore, there will not be any waste of money on this account, whereas, on the other hand, there will be wasteful expenditure if the grant be not made, four lakhs of rupees being thrown away for nothing.

Then, take the case of accommodation for Honourable Members. It has been said that it would be very inconvenient and very expensive to go to Simla. Well, I have had some experience as a non-official Member of the Legislative Council for many years. Since 1906, I have been connected with work in the Councils and for four or five years here, and, speaking for myself, I found no very great difficulty in transacting business on the heights of the Nilgiris in Ootacamund or of the Himalayas at Simla. I found myself perhaps fitter for work in Ootacamund and in Simla than in Madras and in Delhi. But, apart from the question of personal equation, I can assure Honourable Members, that they will be truly democratic in Simla. There, everyone has either to walk or go about in a rickshaw if he cannot ride, and neither is so expensive as a ride in a motor car. So you will lead both a democratic as well as a less expensive life in Simla so far as the question of locomotion goes. You will be better fitted for work and, as far as I could see, during the last four years that I was a Member of the Imperial Legislative Council, I found a good deal of contentious work actually transacted without much objection on the part of the country. There is no doubt great truth in the contention that we should avoid legislation in the hills when legislation can be transacted in the plains, but that remark does not apply so much to Delhi and Simla as it might to Calcutta and Simla or as it might to Bombay and Mahableshwar or to Madras and Ootacamund, because in Bombay, Calcutta and Madras, you have public opinion, whereas there is not much in the hill stations. You can consult experts in various branches and take their advice. But it seemed to me that it was the same whether I was in Simla or in Delhi so far as the seeking of outside help was concerned; it made no difference so far as the intellectual atmosphere or the commercial atmosphere surrounding you was concerned. If it was khaki there, it was khaki here; there is less dust there, more dust here. But I think from the general point of view I found no great help and I think Honourable Members also will feel that there is no very great intellectual help either in Simla or in Delhi and it will continue to be the same for some time to come.

Coming to the question of the expensiveness and the inconvenience, I do not think there is much difference between Delhi and Simla even when the question of travelling thence from the remote corners of India is concerned, because, coming from Madras, I always felt that it was the same whether I got down from the train at Delhi at 12 O'clock at night and broke my sleep or went on and got out the next day at Simla. It did not make much difference from the business point of view and if non-official Members spend a few rupees more in travelling expenses, there would be a saving in respect of the Government officials coming down here. So on the question of expenditure I do not think much can be said one way or the other. From the point of view of the convenience of Members, there is not much difference in point of time whether they come to Delhi or Simla. There is a difference of a few hours I quite grant, but then you can far more efficiently transact business there than here. I place my case far more strongly, however, on the first two grounds. First, that this House should not deprive itself of its opportunity of doing good, of discharging its responsibilities at a moment's notice and of having a meeting convened whenever there may be necessity. Of that opportunity it would deprive itself if it cuts down this grant. The other ground to which I ask your consideration is, that you have already spent four lakhs which would be wasted, and with regard to the additional sum it is not much compared to what has already been spent. Therefore, both on the grounds of economy and the convenience of Members, and because both places are the same from the point of view of intellectual environment I think you ought to vote for the grant which has been asked for.

The Honourable Dr. T. B. Sapru: Sir, the advocates of Simla have spoken with enthusiasm of Simla, and so I believe have the advocates of Delhi of Delhi. I do not propose to take any side in regard to this matter, But there are just one or two considerations which I shall place before the House.

In the first place, the issue which has been raised by my Honourable friend, Mr. Seshagiri Ayyar is, as he himself very frankly pointed out, a very narrow one. He did not say that he was raising the general issue as to the exodus to Simla, but he said, if I understood him correctly, that the real issue before us was as to whether there should be legislation in Simla. That is the only issue before the House and it is with regard to that issue that the House is invited to give its verdict. As I have said already, I do not wish to speak in the spirit of a partisan, but there is one important consideration which I will beg the House to remember. It is not really for the Government to fix any place according to the rules. The power of convening a session of the Legislative Assembly is given by rule 3 to the Governor General as distinguished from the Governor General in Council. The Governor General by notification appoints the date and place for a session of the Assembly. Now, as the House is aware, the new Viceroy will be here within a fortnight or so, and so far as I have been able to ascertain the views of my Honourable Colleagues in the Government we propose to place the result of the discussion in this House before the new Viceroy; and for the time being, so far as the Members of the Executive Government are concerned, they are not going to vote in regard to this matter. Others are at liberty to vote as they like. We shall examine the result of the debate very carefully and put the whole matter before His Excellency the Viceroy. It is really for you to assign the grant or to refuse it as you think fit. So far as we are concerned, we are not taking any sides as regards this particular matter. There is only one more fact to which I shall refer just now in order to remove some misapprehension in regard to this building which is going on in Simla. It may be the impression of some Members of this House that this building was started in Simla without reference to the predecessor of this House, namely, the Legislative Council. I am told that Sir Claude Hill convened a meeting of some Members of the Legislative Council and put the matter before them; excepting one gentleman, the rest of them were agreed that there should be a Legislative Chamber there, and this gentleman who first disagreed subsequently changed his opinion; and as has been pointed out by Sir Sydney Crookshank at an earlier stage of the debate to-day, the building has been going on there for the last one year and a considerable sum of money has been spent. That is really the position so far as the Members of the Government are concerned. Their position has been explained by Sir William Vincent with whose remarks I associate myself. The matter, so far as the grant is concerned, is entirely in your hands. As Sir William Vincent reminds me, there is only one thing more, that I should point out to you, and it is the temporary character of this building, which is not very much suited for the hot weather; but so far as the general issue which has been raised by my friend, Mr. Seshagiri Ayyar, is concerned, we shall await with interest the result of this debate.

Baba Ujagar Singh Bedi: Sir, I am sorry I am unable to see any force in the arguments advanced by the Honourable Mover of this Resolution.

Firstly, that a considerable number of us present in this Hall—at least most of us who come from the northern part of the country—usually go up to the hills during the summer to save ourselves from the extreme heat of the plains. Those of my Colleagues who have experienced the heat in the plains of the Punjab will, I am sure, agree with me that an exodus to the hills is not a luxury, but it is absolutely necessary for the preservation of health. When, therefore, ordinarily we go up to the hills in the summer, I think it highly undesirable to force us to come to a particularly hot place like Delhi at that season of the year to transact the business of the Assembly. I am sure, this course will tell upon the efficiency of its working.

Secondly, I cannot imagine any person keeping himself quite calm and composed, sitting within the four walls of a room, in the company of so many persons as we all are here during the months of June, July and August.

Thirdly, if the sessions of the Assembly are held in Delhi in the summer, it will necessarily mean the detention of the whole of the Secretariat. If not, it will mean the coming down of the Honourable Members and the Secretaries to Delhi from Simla. This will mean their absence from their ordinary duties for a very long time which is very undesirable. Again, I cannot for a moment feel justified in thinking that while we ourselves like to go up to the hills, we should persist on the Englishmen who come from much more cool countries staying in Delhi in the summer. Apart from the loss of efficiency which will result in the long absence of the Secretaries from their headquarters, I do not understand how the heavy expenditure on account of the travelling allowances of these officers and their staff will be met in these days of financial stringency.

Without, therefore, making further attempts to discuss the demerits of this Resolution, I strongly oppose it.

Rao Bahadur T. Rangachariar: Sir, it is with a sense of trepidation that I rise to support the motion of my Honourable friend, Mr. Seshagiri Ayyar, not that I am not fond of cool heights. I myself resort to hill climates during the summer vacation in the High Court. But, Sir, I look upon my position here not as Rangachari, but as representing the millions of population of the country. Sir, it was asked, are we to die in Delhi? Do the two lakhs of people living in Delhi die every year and get resurrected every other year? Did my father and grandfather seek the heights of Simla or Ootacamund to transact their work? Did the kings of old transact their business in the plains or in the cool heights of Simla, Ootacamund, or Darjeeling as the case may be? Sir, I did not realise till now, I did not realise till I heard

the discussion in this hall, that our politicians were not sincere. Sir, ever since I began to take lessons in politics, I have heard of this exodus. In fact, the very first lesson that I learnt was with reference to the sins committed by this white bureaucracy administering the country from the heights of Simla. I did not know there would be brown bureaucrats also. Sir, the question is not one of money. The question is one of moral influence. My Honourable friend, Dr. Nand Lal, asked us, are we not in touch with newspapers? Now, if my Honourable friend is going to take lessons from newspapers and not from actual human life, I am afraid, he will not be performing his task in the way in which he is expected to do. Are not courts sitting in the summer? Does not my Honourable friend, being tempted with fees, appear before magistrates who toil in the plains in the middle of the hot summer?

Now, Sir, I was surprised that my Honourable friend, my leader, Mr. Sarma from Madras, had the courage to stand up here in this House and defend this flight to Simla? I learnt my lessons at his feet. As the President of the Mahajan Sabha, I am sure, he drafted telegram after telegram abusing, and vilifying, this wicked bureaucracy for always flying to the hills. I was but a humble student learning my lessons as Secretary to him. If Sir T. Madhav Rao who condemned this exodus at a famous public meeting in Madras in 1887, if the Rev. Dr. Miller who is the revered Principal of the Christian College, deprecated the exodus, and again if gentlemen of eminence at various places have entered their most emphatic protests against the exodus what has happened since that we should now encourage it? Is Simla big enough to contain the population of India? Sir, you must deal with the people, do the work of the people, and do their work feeling as they do; is it merely because we all belong to the upper classes, whom fortune has favoured, because we can afford to go and live there, that we should go and do administrative and legislative work from these cool heights? As I said, any place in the plains where our brothers and sisters, fathers and mothers, live and toil all the year round ought to suit us. Is it unfit for your habitation? Then flee from India, if you think that the plains of India are not a fit place for doing our work. I am ashamed to hear, Sir that any part of India is not fit for work during the summer. Were we born in the cool places? I was born, Sir, at a place where the temperature rises up to 110 degrees sometimes. I think, Sir, that we must bring some sense of responsibility to bear in deciding the very grave issue which has been raised to-day. As the Honourable Members for Government have remarked to-day, the responsibility for the decision to-day rests with us, Indians. We have to go to our brothers and sisters to-morrow as soon as the session is over. Remember, it is not merely our own concern, it is a concern which will affect the future.

Now, Sir, looking forward to the future, I expect not only rich men to come here to this Assembly; I expect poor men also to take their humble part in sharing the administration of the country. I look to the day—it may be 5 years, it may be 10 or 15 years hence—when the masses will also send their representatives here. How do we expect them to afford to go and legislate in the cool heights of the Himalayas? Surely that is giving a tall order. It is bad enough that the Executive Government go there. But that question is not yet. When we force their hands, when we say we will hold our legislative sessions here, then I daresay we will be bringing indirect pressure upon the Executive Government also to change their methods, to diminish their months of stay in the cool heights. Sir, I have before me merchant princes who dwell in Bombay, who dwell in Calcutta; I have before me eminent professional people, like Mr. Norton, who do not hesitate to come down to the plains when a tempting fee is offered. The pleaders of the High Court do their work in Bombay and in Calcutta in May and June. Is Delhi, the seat of so many Emperors, so bad as it is represented? I am rather surprised that people from the Punjab should rise to oppose this motion. What would have been your plight if you had been in Simla when the Punjab was shedding its tears? Would you have been in the heights of Simla when all these transactions took place? Would you have been in a position to know merely from newspapers what was happening in Amritsar and other places? Is that the conception of our duty here as legislators to whom, as my Honourable friend put it, not only is legislation entrusted, but we are here to guide the Executive in the administration of government. If you had been in the cool heights of Simla when all these happenings took place, would you have been able to influence matters? Even in the plains, as you were, you were not able to do anything; in the hills you would have been in a much worse position. But, Sir, the question is not of money; it is not a question of putting up one building or several buildings that you have begun. Once for all we should determine in this Assembly that we are of the people, we are working for the people and we will stay with them and do our work for them, guided by them and controlled by them. Otherwise, when you are in the cool heights, you won't get first hand information; you will have to depend on newspapers for knowledge. And which newspaper will you take? The *Leader* or the *Independent*; the *Times* or the *Bombay Chronicle*; would you take the *Hindu* or *New India*; the *Bengalee* or the *Amrita Bazar Patrika*? All this is mere specious argument and special pleading which we are all accustomed to as lawyers. As deliberative and responsible people assembled here, let us not adopt these devices, but let us put the question to our conscience and to our hearts and ask ourselves are we really voicing the feelings of the people when we say we shall go to the heights of Simla and legislate and carry on administration there. There can be but one answer given if we put the question plainly and fairly to them. Therefore, Sir, let us forget ourselves; let us not forget that we are mortal; let us remember that we will disappear from this Assembly in another year or two. The decision you come to will be taken hold of afterwards.

As my Honourable friend, Mr. Sarma, said, the new Viceroy will be here soon; and I say, Sir, and I say it with all the emphasis at my command, that we should have no doubt on the question as to whether this Assembly will go to Simla. I say that we should not go to Simla for the purposes of carrying on the legislation of this country. Whatever the Executive Government may do, let us not set a bad example to them. Let us turn them from the bad example they have already followed. Let us not be written down as insincere, let not the public say that we promised to do one thing but have done another. Let not that be written against the Assembly, and, therefore, I earnestly appeal to the Members of this Assembly; let us not be drawn away, let us face this important question squarely and fairly and above all, let us come to the right conclusion. One Honourable Member said that we could not do as good work in the plains. Surely that is not so. I have greater confidence in Mr. Spence and I would expect the same amount of work from him here as in Simla. The same thing applies to my Honourable friend, Dr. Nand Lal. I do not think he would fall asleep when appearing before Judges on the plains. As regards the clerks, I do not think that is a very difficult question because it can be quite easily managed.

It was suggested that we were going to work all the year round. If that is so, then I am afraid that Government work will not get on at all. Then someone suggested that we should wait for the views of the new Viceroy. By all means, but I think it would be better if he were to find this Assembly here. Delhi has been chosen as the Capital of this country, and surely there is no reason for going back on that decision. Already we have spent lakhs upon lakhs. That may be. But let us spend more, if need be, upon the new Secretariat and the new Council Chamber and the new houses. Make them comfortable and habitable and then you will have no reason to complain. I object to the policy of Government of spending 80 or 90 lakhs and keeping up a costly establishment. But I strongly urge upon the Government to spend more on New Delhi. It will really reduce the expenditure in the future and it will go to making the new buildings habitable. We have chosen Delhi, we have sunk lakhs in Delhi, now let us see that those lakhs have been sunk for the proper purpose for which they were provided. Why not set apart year by year, 10 lakhs, or 20 lakhs for that matter, for sinking fund, and interest and find more capital, let us then show that we can work down in the plains, down in Delhi, and do our work just as good as if we were in Simla.

If I have spoken feelingly on this matter, please forgive me, but I do think that there is a great issue at stake and that a very great responsibility rests upon this Assembly.

Mr. Eardley Norton: Sir, we have had from two opposite benches, two very oratorical representations of two converse cases, both stated with equal ability. One from my Honorable friend behind me who is a Hindu and who has been mistaken for a Muhammadan and the other from my Honourable friend, Dr. Nand Lal who also is a Hindu but has not yet been mistaken for a Muhammadan. These gentlemen have pleaded their causes each with marked effect. For myself, on this point I feel absolutely neutral. For years I have been amongst those who have insisted with a loud voice that Government should not legislate from the clouds of Simla, that they should not sit there for 7 months in the year but should come down and do their work, as other men—quite as good and efficient do it—in the plains. I cannot for a moment accept the theory that better work can be done in the hills than on the plains. I have myself been in this country for 43 years, and I have spent nearly 40 years in the plains, where much good work is done in the hot weather.

There can be no doubt whatever, that whereas other High Courts adjourn for May and June, the Judges of the High Court in Calcutta sit continuously through the heat till August and do much of their best work during the hot weather, except of course when they are asleep.

I think the argument that we cannot do good work in the plains is an argument which is beside the fact. Some of the very best work in India is done in the plains. To turn for one moment from lawyers to merchants, we have representatives here from Karachi, and Bombay, and Calcutta, who are living examples of how men who work hard in the plains can in a comparatively short time roll up their millions. Therefore, I reject the suggestion that you cannot do good work in the plains. I am, however, torn between two conflicting emotions, as represented by the two champions of Simla and Delhi. The two emotions are these. I should like personally very much to go to the hills, if only for the purpose of seeing there the pathetic and humourous picture of two learned legal doctors upon two little horses riding from Longwood Hotel to the Assembly Hall and possibly falling off in the journey more than once, arrayed in long grey coats and tall white hats. That is a picture which almost irresistibly draws me to Simla. Then, on the other hand, when I think of the other and more pathetic picture of possibly being called upon, although I wish him long life, prematurely to attend the funeral of Dr. Nand Lal in Delhi, I admit I am strongly tempted towards the plains.

It seems to me that the best and most honest course is to do what the lady in the Bible did—to declare to whatever majority happens to carry either side of this Resolution to-day, 'Thy God shall be my God, whither thou goest I will go.' I shall follow the majority with public satisfaction if with private regret for, I shall feel, that if I come here, it will not be in the heat—I do not for a moment apprehend that Government are going to bring us down in May and June for the purpose of our Legislative functions. We shall be brought down, I have no doubt, at a far more reasonable period of the year. If, however,

I am taken to Simla, I shall feel that there is some pleasant life to be found there too, that, say what you will, the climate there is certainly more attractive than the climate here. But, after all, these are personal considerations for I think that as a matter of fact we can work just as well here as we can elsewhere and I do feel there is much force in what my friends, Mr. Seshagiri Ayyar and Mr. Rangachariar have said on their plea for Delhi. It comes to me with a curious though not uneffective shock that the Honourable Mr. Sarma, who after having upheld one proposition for five and twenty years should now stand up and publicly retract his views because he has shifted from a Congress man to an official, thus acclimatising himself to that system of life which for so many long years while in opposition he has so strongly denounced. There is little more to be said about this. Is the voting upon his decision to determine the issue whether we are to go to Simla or to stay here? That issue appears to me at present to be somewhat clouded and obscure. The Resolution merely says you shall not spend money upon building an Assembly Chamber at Simla. It makes no reference to our visit to Simla or to the alternative of legislating here. An Honourable Member in this House may quite logically vote that we should not spend money on the building in Simla and yet not commit himself to an official visit to Simla in the future. If the matter, as I understand, is going to be decided by the voting on this Resolution, the vote will determine the question as to whether or not we are to go to Simla. Well, I shall be very curious to watch the result of this debate; I shall be very curious to scan the lists when they come out, and see which way men who have given us their opinion for many years are going to vote; whether when the real temptation comes, of having a jaunt up to Simla at Government expense, they will turn their backs on their former utterances and adhere in rigid virtue to Delhi or whether they will in recollection of their long assertion of what they called their principles, do what Mr. Rangachariar asks them to do, and, throwing their own alleged conveniences aside, sacrifice all other considerations to the duty of enforcing the declared wishes of their constituents. For myself, I shall not vote.

Mr. S. C. Shahani: Sir, I do not wish to remain neutral. I deem it necessary for me to decide whether I should vote for Delhi or for Simla. There is no danger of my being torn between the two champions of these two causes in this House. And I shall feel least inclined to attend the funeral of Dr. Nand Lal here in Delhi or go to Simla to see the pathetic processions spoken of by my Honourable friend, Mr. Eardley Norton. It is a very grave question for me, and I have pondered it carefully enough. I am wholeheartedly for the principle involved in the proposal that has been put forward by my Honourable friend, Mr. Seshagiri Ayyar. I only regret that he has not gone far enough and urged that it is necessary and absolutely necessary that the Government themselves should not migrate to Simla in order to do their administrative work there. The poor taxpayers are already being bled to death. I must record my protest against the migration of Government being encouraged in this House. There is not the slightest doubt in my mind that the people are unanimous that there should be no migration to the hills. The migration is costly and the people cannot stand the expense. There is another reason why we should not be far away from our chief place of action, namely, Delhi. We should be in touch with the people. Take, for instance what transpired at Amritsar. In the circumstances proximity to the Government in Delhi must have been coveted by the people of Amritsar. But, nevertheless, I would not play to the gallery as my Honourable friend, Mr. Rangachariar, has done. He seeks to make out that he alone is a true patriot. My feeling is, that he would be anything but a patriot who in the present circumstances advocates that the Assembly should not meet at Simla. Our Viceroy and our Government would be at Simla. It would cost the Government a great deal to come down to Delhi to organise meetings of the Indian Legislature. And, as my friend, the Honourable Mr. Sarma, has rightly pointed out, we should not deny ourselves the opportunities that may be afforded to us of coming in contact with the Viceroy and the Government for concerting necessary action for the good of the country which we have at heart and which we represent in this House. I am strongly of opinion that at any rate for this year we should go to Simla, and that, in so doing, I would not for a moment lose sight of the interests of the people. It has been very rightly said that there should be houses provided for the Members of the Assembly as also for Members of the Council of State both in Delhi and in Simla. So long as the Government keep at Simla, it is necessary that it should be possible for us, whenever called upon, to go there and meet for the transaction of business. My Honourable friend, Mr. Seshagiri Ayyar, has said that we should keep in Delhi and sit at a stretch for six months. That is, I think, a very unpractical proposal, and ought not to find favour with this Honourable House. You are certainly not going to confine this Assembly to those who have retired from business and have nothing else to do. Those who are actively engaged in the work of life should also be afforded an opportunity of representing their country, if the country should have confidence in them. One must be constructive, and must put forward a proposal which will meet the requirements of the situation. If you cannot do that, pray do not oppose the demands that have been made by the Government.

Mr. Amjad Ali: I move, Sir, that the question be now put.

Mr. E. L. Price: Sir, as the debate seems waxing warm, perhaps, the House will be glad to hear something of my well-known softness and moderation. I am not, Sir, afflicted with a Past in this matter. There is no *chela* that can rise up and rebuke me for what I said yesterday, and I do not know that I feel particularly inclined to take any decision now for

to-morrow. But Dr. Sapru has actually put me in some difficulty. I understoodhim or Mr. Sarma to say that out of Rs. 5,64,000 required for building this Chamber, over four lakhs has been spent.

The Honourable Mr. B. N. Sarma: The total is ten lakhs. Nearly four lakhs have been spent and Rs. 5,64,000 will have to be spent.

Mr. E. L. Price: I could not follow that. There is then altogether a sum of ten lakhs being expended for building a Council Chamber in Simla. Nearly half the money has been already spent and we have got to decide now whether we vote the rest of the money and complete the building or whether we do not. But the difficulty that the Honourable Dr. Sapru has introduced into this question, to my mind, is first this, that he proposes that the Executive Members of Government shall stand aside. I do not know *why* they should exclude themselves from the division. They have every right to vote, and I think it is a most objectionable principle that any Member of this Assembly, whatever his position, should decline to exercise the vote that he is entitled to, on any consideration. Perhaps it is because he puts it to the House, as I understand him, that the vote on this subject will be submitted to His Excellency Lord Reading when he arrives, and the consequence of our vote may affect future arrangements. But the difficulty is, that the vote that we give on this question, in my opinion, has got nothing to do with the Simla question. You have simply started a building, you have spent four lakhs on it, and commonsense dictates that you should put up a roof over it. If you do not, what is going to happen to our four lakhs of rupees in brick or stone or whatever there is below? Are you going to sink four lakhs of money in order to make a picturesque ruin? So that, it seems to me from the point of view of Dr. Sapru's suggestion, I do not know how to vote. I want to vote. But when he tells me, that if I vote and complete the building which is nearly half done, my vote will mean that it is put on record and shown to the Viceroy that I want to stay for ever at Simla, how can I vote? Dr. Sapru has put me in the greatest difficulty and I hope, that that difficulty will be removed for all Members.

Mr. Jamnadas Dwarkadas: I thought after the most eloquent speech of my friend, Mr. Rangachariar, there was no need for any one to speak, and that the motion on being put to vote would be accepted by a large majority of the House, I mean the motion of reduction which has been brought forward by my friend, Mr. Seshagiri Ayyar. But it seems to me that there is still a little opposition, and I cannot understand the reason why. It seems to me, Sir, that Dr. Nand Lal, instead of looking upon himself as a part of the circumference of the country, looks upon himself as the centre of the circle and would so arrange things that everything should contribute to his comfort. I want to assure him that in this House in Delhi, even though we may be invited here in summer, we shall have the fans trying to keep the heat away from us. We shall have soft seats which certainly will make us less uncomfortable, and I do not know that there is anything in the argument that we shall be unable to work in summer if we are invited, and if the idea of going to Simla were dropped. I want Dr. Nand Lal to remember, that while we, who claim to be the representatives of the people, bring forward these small objections and say, that if we are not provided with proper comfort and if we are not taken to Simla, we shall be unable to work—while we are engaged in doing that, there are people in the country to-day who are prepared to do their work at a sacrifice in the worst of warm days.

I do not agree with their views, but I do say, Sir, that if the people decide to follow them and not follow us, it will be our own fault, it will be the fault of the objections that we bring forward here against sitting in summer in Delhi. I want to remind Dr. Nand Lal of what took place last year. There was a meeting of the All-India Congress Committee in Benares on the 30th of May. The attendance was full. In Benares we had no soft seats of this character. We had no fans to give us comfort We had to sit there on bentwood chairs from 7 o'clock in the morning till about 11 o'clock at night and, Sir, there was not a single person who objected to that. Then again there was a meeting on the 1st of June in Allahabad . . .

Dr. Nand Lal: With the permission of the Chair, may I ask my Honourable friend for how many days he attended that meeting?

Mr. Jamnadas Dwarkadas: I attended all the meetings. There was not a single day on which I was not present. These meetings went on for 5 or 6 days altogether. But I want to say this, Sir, in Allahabad there was a meeting not only of most of the members of the Congress Committee and of the Khilafat Committee but among those present was my Honourable friend, Dr. Sapru, who stands up to take a neutral attitude on the question but also confronts us with a difficulty which has been referred to by my Honourable friend, Mr. Price. Now, Sir, I ask those who are raising these frivolous objections against having our sittings in Delhi throughout the year, whether they are acting in the interests of their constituents, whether they are acting in the interests of their own countrymen, when they are allowing the masses of their countrymen to fall into the hands of those whose propaganda we are rightly objecting to but some of whom have got the spirit of self-sacrifice not to mind the discomforts of weather. I think we shall be ill doing our duty to our countrymen, and to our constituents if we allow these personal considerations of a very unimportant character to come in the way of performing our duty to those whom we represent here. It will not affect us whether we go to Simla or not. It will not affect us much but surely it is going to affect the country in many ways, as has been pointed out by my Honourable friend,

Mr. Seshagiri Ayyar and by my friend, Mr. Rangachariar. I do not intend to go into those objections again but I shall deal with the difficulty that has been placed before us by Dr. Sapru. He says, if you do not vote for the grant, then the money we have spent, about 4 lakhs, is wasted! I ask those who bring these objections, 'whose fault will it be if this money is wasted?' We are not responsible for your having spent the money. I am told that it was not the Imperial Legislative Council but a few Members of that Council who were informally consulted by Sir Claude Hill and every one of them agreed to that money being spent. Well, Sir, I shall come forward and say, that I am not even responsible and I am sure the Members of this House are not responsible for the sins of their predecessors or of a number of them.

Mr. E. L. Price: But we have taken over their obligations.

Mr. Jamnadas Dwarkadas: As a matter of fact, I would allow this 4 lakhs to be wasted rather than allow 10 lakhs to be wasted and set an example to those who are in the habit of spending the people's money uselessly and teach them a lesson not to trifle with the money that belongs to the people in the manner in which they have done before. I am sorry, Sir, that I have to speak out, but I do feel that on this question, where public opinion entirely supports the view that has been taken by my Honourable friend, Mr. Seshagiri Ayyar, this House will have ill-deserved the trust that has been placed in us by our constituents if you go directly against the wishes of the people, if we flout their views and vote for going to Simla.

I share the surprise, Sir, that has been caused to my Honourable friend, Mr. Rangachariar, at the attitude that the Honourable Mr. Sarma has taken up on this question. I do not want to refer to it, but I do say that all the arguments that he has placed before us have, so far as I am concerned, proved absolutely unconvincing.

I have much pleasure in supporting the motion.

The Honourable Mr. B. N. Sarma: May I offer a word of explanation, Sir? I never expressed an opinion as regards the holding of meetings of the Legislative Council in Simla *versus* Delhi at any time, and, with regard to Madras, I say, the conditions were different and the points in issue were different.

Dr. Nand Lal: May I ask, Sir, for special permission to give replies to each and every argument which has been brought forward.

The Honourable the President: Order, order.

Mr. Sachchidananda Sinha: Sir, it seems to me that the discussion is rather going off the rails. If Mr. Rangachariar, whose patriotism and eloquence I much admire, had only kept to the proposition before the Assembly, he might have been able to assist us far better than by the speech which he has made. The proposition is simply this. The Government have commenced the building of a Council Chamber at Simla which is to cost 10 lakhs of rupees and they have spent, I understand, about 4½ lakhs of rupees. They now come before us and ask for sanction for the remaining 5½ lakhs. My friend, Mr. Seshagiri Ayyar, taking advantage of this, raises a debate upon the desirability of holding the session of the Assembly in Simla or in Delhi. For my part, Sir, I deprecate an effort being made of that character on a proposition in the Budget. It has been urged that the question is an important one; I concede, it is. Let this matter be discussed thoroughly in the Assembly by way of a Resolution of general public interest, and then, if the Assembly after full discussion voted upon it, I am sure, the Government would respect the wishes of the Assembly. But when the Government come forward and say: 'Here we are building a Chamber for you and we have spent half the money, grant us the other half for its completion,' to raise a debate in that particular form does not seem to me very commendable.

I will put it to my Honourable friend, Mr. Seshagiri Ayyar, in this way. Supposing his proposition is accepted and the Assemby to-day decline to grant this money to the Government, what would be the effect of it? Is he prepared to maintain as a lawyer that constitutionally the Governor General would be debarred from summoning a session of the Assembly at Simla? If he contends that the Governor General will be debarred, then, surely, there is some force in his amendment, but, if the acceptance of the amendment will not debar Lord Reading from summoning a session of the Assembly at Simla, then, there is no point whatever in the amendment. Supposing we voted for this particular amendment and Lord Reading summoned a meeting of the Assembly at Simla in the old building or in some other building or even under a *shamiana*, will it lie in our mouth to contend that the Governor General cannot do that. Certainly not. I, therefore, submit, Sir, that legally, the amendment, even if accepted by this Assembly, will not really concede to us the reform that Mr. Seshagiri Ayyar desires, or in any way conclude the matter. That being so, the only proposition is whether we shall vote this grant to enable the building to be completed, or whether we shall leave it roofless. My own feeling is, that the building, having been commenced, should be completed. If afterwards we decide that we shall not go to Simla at all but shall always meet at Delhi or some other place, I am sure the Government will be able to apply the building to some other purpose. There is no sense, I submit, in insisting that a building, half completed, shall remain roofless, and, therefore, without raising any larger issues, I would ask the House to vote the grant asked for.

Sir Sydney Crookshank: Sir, perhaps it will assist the Members of this Honourable Assembly if I just give them a few plain facts in connection with this case. They are as follows :

The Government of India has a certain amount of accommodation up in Simla and a certain amount down at Delhi, but at neither place is it sufficient for the whole of the offices of the Government of India. Later on, say in 5 years' time, if we are given more funds annually to accelerate the construction of the new Capital, or in 7 years' time if we continue at the present rate of about one crore a year, we shall have accommodation for the Government of India in Delhi. For the present it is more or less obligatory for the Government to be divided between Delhi and Simla, and as regards this particular motion I would point out, that so far as the Government of India are concerned, the building is required, whether it is occupied for the summer session of this House or not. In other words, at the present moment, in order to find sufficient accommodation for the offices of the Government of India we have to hire houses, for which we pay a rental of about one lakh of rupees per annum. Now, this particular building, as the Honourable Mr. Sarma pointed out to you, has been so designed that if it is not put into use for the summer session of the Legislative Assembly it would then be used for offices and in that way it would save a very large recurring expenditure which is now wasted in hiring houses in Simla.

Another point for consideration in connection with the motion before the House is, that I gathered from certain expressions which were used at a previous debate on the opening day of the Budget discussion that the Members of the Council of State were by no means satisfied with their present quarters in Metcalfe House. That dissatisfaction applied to cold weather conditions. Now, Sir, I would ask the Members of this House to put themselves in the position of the Members of the Council of State who would have to sit in their present Chamber which, we will say, is wholly unsuitable, though through no fault of the Public Works Department, I may add—during the hot weather months. I have already been asked to furnish re-designs and estimates for the reconstruction of the Council Chamber at Metcalfe House. As far as I can make out, that alone is an item of about one lakh of rupees ; so that, if it is decided to hold the coming hot weather session of the two Chambers here, we have to set about spending another lakh of rupees on the Council of State Chamber, and also we should require to spend a considerable sum of money to make the Members more comfortable out at Raisina. This, in the time at our disposal, is not a practical proposition. As I pointed out, if you take it from a practical P. W. D. point of view, it will take a matter of 7 years to get ourselves settled down at Delhi. When that has been accomplished, there is apparently no reason at all why the sessions should not be held altogether in Delhi.

But for the time being it seems to me a practical suggestion that the summer session should be held at any rate for one year at Simla during the summer months in order to give the Public Works Department time to rebuild the Metcalfe House Council Chamber and complete the programme for the construction of quarters for Honourable Members out at Raisina. If it is decided by this Assembly, that the sessions should then take place in Delhi, the Chamber for which I have asked for the remaining six lakhs in order to complete it, will then be of extremely great value to the Government of India for accommodating their offices. As it is, if we were to stop work on the building now during the coming rains, the whole of that four lakhs of rupees would be practically thrown away. We should in ordinary common-sense require to temporarily roof over the unfinished portions of the building in order to protect them from the weather and if that be the case, we might just as well put a roof on which we could make good use of.

Sardar Bahadur Gajjan Singh: Sir, after the very convincing speech of the Honourable Mr. Sarma, the question raised by these motions must have been considered to be finally settled. His remarks were so convincing, that as far as these demands are concerned, this Assembly should most decidedly vote in support of them although it has been very strongly urged by Mr. Jamnadas Dwarkadas that the interest of the tax-payers require that we should refuse this grant and that we should teach a lesson to those who have ill-spent the money. I beg leave to disagree with his view. I fail to understand how and in what way the tax-payer will be benefited if this grant were refused and how we will be able to teach any lesson to those who are responsible. No one alleges here for a moment that those who were responsible had no right to do what they did. There can be no doubt that they had a right to do it, and they have commenced the building. Now it is very obvious that it would be very unwise for this House to reject the demand for these buildings and give a chance to the world to say 'Here are the buildings standing without any roofs', and thus bring eternal disgrace upon this Assembly. As far as the question of Delhi and Simla is concerned, it was urged by the first speaker that there was no precedent in the whole world in favour of having two houses at two places. I am not quite convinced that precedents can be of very much use in a matter like this, which depends upon the circumstances, as has been rightly pointed out by Dr. Nand Lal. But even if precedents are required, I think we need not go far. It is a matter of common history that the Emperor Shah Jehan and Aurangzeb summered in Kashmir, not in Delhi, and similarly with the other Kings. So it is perfectly clear that from time immemorial, from the Mughal Emperors' time downwards, those Emperors could not do work in the scorching heat of Delhi.

I do not see how we are going to assist the tax-payers' interests by voting against Simla. In Simla as we all know crores and crores of rupees have been spent on various buildings, Viceregal

Lodge, Secretariat and so forth. If Simla is abandoned this year or next year, as it is hinted, then that loss will be borne by the tax-payers, and those who vote against Simla will be held responsible for it. There is only one factor that determines the whole question. Nobody says, that in Delhi and even perhaps in warmer climates you will not be able to work or that it will be impossible to work; nobody says that. The question is, whether you cannot do your work better in Simla; that is the point. In Benares, my friend had the advantage of sitting by the Ganges river; and he had the advantage of the breezes that blow there; and perhaps it may be said that here we have the Jumna close to us. But I do not know how many of those gentlemen who are opposed to Simla have actually seen Simla, though I dare say, many of them have and the others have not. The point is not realised that the Simla climate is decidedly far better suited for doing a lot of work. It is for this reason and for this reason alone, that the Government of India long long ago decided in favour of Simla. It is perfectly true, that in the old days heavy expenses were incurred; but since the railway connection with Simla, those expenses have been reduced to reasonable dimensions, and nobody should grudge these things when we consider the amount of work that can be done there and the amount of energy that can be applied to this very important work.

Therefore, Sir, as it is very late I do not want to inflict a very long speech on this Assembly. I shall conclude by saying, that Simla is decidedly more convenient, more healthy and more fit for doing better work, and as has been rightly pointed out by our Deputy President, there is absolutely nothing to prevent His Excellency the Governor General summoning a meeting there. Then, it was said, that property in Simla is rising in value. We would not suffer. We would be spending money for the benefit of the tax-payer if we grant this demand. Whether we spend 4 lakhs or 10 lakhs, it is quite possible that after two or three years we might be able to regain 20 lakhs. For these reasons, I earnestly beg the members of this Assembly very strongly to vote in favour of Simla.

Mr. Eardley Norton: I rise to a point of order, Sir. I wish to know if Government will tell us definitely whether they intend to treat this as a vote on our exodus or as a vote on the money grant.

Chaudhuri Shahab-ud-Din: With the permission of the Chair, I may say that one of the members was permitted to move a Resolution whether the exodus to Simla should be stopped or not. Therefore, that is the first point to be decided, and the question of grant comes afterwards.

Mr. Wali Mohamed Hussanally: Sir, the time is up and there are many members who wish to speak on the subject, and I think this is not a question that should be rushed through.

The Honourable the President: Order, order, I think the Honourable Member better wait until he hears the answer of Government to the question put by Mr. Eardley Norton.

The Honourable Sir William Vincent: Sir, from the speech of the Honourable Dr. Sapru I thought it was clear that the real point for decision was whether the Legislative Session this year was to be held here or in Simla.

Mir Asad Ali Khan Bahadur: There is a separate motion for it, and this motion relates merely to the grant for building a Chamber in Simla, and so it must be decided whether this motion applies to it or also to the exodus.

The Honourable Sir William Vincent: Mr. Eardley Norton asked me what the view of the Government was. I understood from Mr. Seshagiri Ayyar's speech that he wanted to ask for a reduction of this demand as an indirect method of raising the whole question.

Mr. Eardley Norton: I am not quite sure which way Government intend to treat the question. Their decision may affect our votes.

The Honourable Sir William Vincent: Having regard to what Dr. Sapru has said, I think Government should treat the vote as a decision on the main question.

Dr. Gour: Only the general question should be treated, and that for this year.

The Honourable the President: I may point out for the information of this House as a matter of procedure, that the motion brought forward by Dr. Gour was deliberately postponed on that basis.

Mr. Harchandrai Vishindas: Sir, it is rather unfair to the Assembly that the issues should have been mixed up, and the complaint made on this score is entirely justified, because so much pathos and eloquence has been thrown into the debate and so much sentiment has been expressed that anybody voting in favour of this motion will be branded as unpatriotic.

The Honourable the President: I put it to the Assembly that the matter can be met if the question of principle is decided by the Honourable Member merely putting a reduction of Rs. 500 instead of Rs. 5 lakhs. His question of principle will then be met and a separate vote can still be taken on the points put forward by Sir Sydney Crookshank.

Mr. T. V. Seshagiri Ayyar: Sir, I was just going to mention, before accepting the suggestion thrown out by you, that there is a good deal of misapprehension as regards this waste of money. What I said was that the Rs. 5,64,500 should not be spent upon this building as a Legislative Assembly Chamber. It has been pointed out by Sir Sydney Crookshank and by Sir William Vincent that the building is so designed that it can be utilised for other purposes. Therefore, if we veto the grant of money for the purpose of making it an Assembly Chamber, it will still be open to the Honourable the Finance Member to come to us and ask for a supplementary grant that the building may be so constructed as to be useful for other purposes. Consequently, there will not be in the least any waste of money. I think that point has been missed by every member who has spoken. I hope that Mr. Price is satisfied on this point; because the building is such that it can be used for other purposes and the Government, which is now renting buildings at a cost of Rs. 1,00,000, could come to us and say they want to build it and to use it for another purpose. The question of waste of money would not then arise.

But, Sir, as you have pointed out, I am willing that the principle should be debated now and am willing to reduce the amount; but I believe it is hardly worth while doing that in view of what I have just explained to the House.

The Honourable Mr. Shafi: Sir, with reference to the explanation given by Mr. Seshagiri Ayyar, may I point out that if the motion which is now before the House is accepted, the item of Rs. 5 lakhs drops out of the Budget altogether, so that there will not be a single pie left in the Budget to erect this building whether as an Assembly Chamber or as an office.

The Honourable the President: I understand the Honourable Member from Madras is ready to accept my suggestion that the vote of the Assembly be taken on a small reduction put as a matter of principle, and that that vote to be taken by the Government as an indication of the will of the Assembly.

The question is that leave be given to the Honourable Member to withdraw the motion as originally put.

The motion was adopted.

The question I now have to put is :

'That the provision of Rs. 5,64,500 for building a Council Chamber for the Legislative Assembly in Simla be reduced by Rs. 100.'

Mr. Harchandrai Vishindas: I was saying, Sir, that the issue had been very much clouded by having matter brought into it which is not really germane. I specially take exception to Mr. Jamnadas' remarks that we had better waste these Rs. 4 lakhs than accept the principle that we should migrate to Simla. I do not agree with him there at all. There is this aspect of the question to be looked at. I want to make it clear that by these remarks I should not be understood to be favouring the migration to Simla; but still, in fairness, there are certain considerations which should be borne in mind. If our predecessors were consulted by Sir Claude Hill, I think it was absolutely necessary for them to give their opinion at that time, and Mr. Jamnadas is not justified in complaining that they sold us . .

Mr. Jamnadas Dwarkadas: I never said that.

Mr. Harchandrai Vishindas: I was merely using a phrase, but what he said was 'let it be a lesson to somebody that such kind of waste should not be perpetrated'. I suppose that this particular aspect of the question has not been considered at all, that some provision had to be made in advance before we could find an opportunity of expressing our opinion on the subject. Now supposing that Government had not made any provision and this Assembly had come to the decision that we should continue the practice of migrating to Simla, what would have been the result? The result would have been that we should have given the Government a dressing down. We should have said—what is this? You have not looked ahead, you have not made enough provision for our stay in Simla, and the Government would then have been unable to give a satisfactory reply. They did not know that the Assembly were going to vote against Simla, and therefore I say that their action in the matter with regard to this part of the question was perfectly justified. Whatever our decision may be even if our ultimate decision is that we do not migrate to Simla, I say that the action of the Government in spending the money that has been spent in advance, after having consulted the authoritative bodies that existed before us, was perfectly right. That being so, I think that all those other considerations which have been brought forward, and all the pros and cons that have been discussed as regards Delhi *versus* Simla, do not arise.

I was hoping that after Sir William Vincent had proposed a very reasonable compromise, this Assembly would have been in a reasonable temper to accept that compromise without committing itself one way or the other to any decision; that in view of the fact that all this money has been spent already, we might at least accept the situation that this year we go to Simla and then afterwards, if the decision of the House is that the exodus should be knocked on the head, stay here. I myself think that that was a very good solution of the problem.

Now I think that it would have been more advantageous if a Resolution had been moved in this Assembly entirely dealing with this question as to whether it is desirable to migrate to Simla or not. As it is, the debate has already been diverted into a wrong channel and

passions have been aroused, and appeals to patriotism have been made, and accusations have been launched like that by Mr. Rangachariar's that the Honourable Mr. Sarma had once belonged to the party which held one opinion, but now that he had become an official of Government, he held another. I think that sort of thing is quite unnecessary. And a good deal of this opinion has been created by the Press in large places like Bombay and Calcutta, and I am afraid that most of the opinions which have been expressed here in favour of remaining in Delhi have been influenced by the Press. This is a mistake, because I think we ought to have the courage of our own convictions—(cries of hear! hear!)—and we should not blindly be guided by laying too much stress upon what we see or read in the newspapers. We should not be afraid if we vote for migration to Simla of what the Press will say, or whether they will give us a pouncing. This paper and that paper may come forward and say—'Oh! so and so suggested that such and such a thing should be done; but why worry about what the Press says? Have the courage of your own convictions. The merits of the question have not been properly discussed. Is it advantageous to the taxpayer or to the country?' That is the question.

The Honourable Mover started off by opening the debate and laying stress upon the question as to whether legislation should be carried on in the *heights* of Simla. The only opposite point he referred to—and several speakers have not even touched upon the question at all—was whether it would be of real advantage to the tax-payer, who, after all is the person who counts, and of real advantage to the country.

The only point that was made by Mr. Rangachariar was that when the Government were in the hills, they were not in touch with public opinion. Then Mr. Seshagiri Aiyer said that the Mesopotamia blunder would not perhaps have been perpetrated but for the migration of the Executive Government to Simla.

But that did not touch the issue at all because the question before us is not of the Executive Government having to go to Simla but the Legislative Assembly, and so far as the Legislative Assembly is concerned, it is not concerned with the Executive Government at all. So that argument is not relevant at all. Then it was also said that there is no newspaper in Simla. There is no 'Independent,' there is no 'Leader,' there is no 'Statesman.' What of that? Why cannot we have all these papers? Does anybody reasonably believe that we shall not be influenced by public opinion in Simla while we shall be influenced in Delhi? I cannot understand that argument at all. I complain, Sir, that on account of these false issues being raised, the whole debate has been diverted into wrong channels, and therefore we have not been able to give that cool, that calculating and unbiassed judgment to the question which it really deserves. The strongest speakers against Simla were Mr. Seshagiri Aiyer and Mr. Rangachariar. Mr. Rangachariar simply appealed to public opinion and appealed to the fact that by advocating the cause of Simla we would be surrendering our cause into the hands of the bureaucracy, but, beyond that vague complaint and protest, he did not go into the merits of the question to find out whether we would be serving the country or not. Of course, I do not deny that it will be possible to carry on the legislation of the Assembly in Delhi. Even Europeans have been living in the hottest parts of the country. That also is not the real issue. But for so many years business has been carried on in the hottest part of the year at Simla and other hill stations. Now, the real point is that you have to compare and decide which will be the better place to work in. There are two questions. One is the monetary question. Are we really causing a drain or overloading the tax-payer—the already burdened tax-payer—by this exodus to the hills or will the financial situation be exactly the same under both conditions? That is one question. The other question is, whether we will be serving the interest of efficiency by migrating to the hills. That is to say, what does not appear to you to be a direct and tangible gain will be an indirect gain in the long run. That was the point that was made by Dr. Nand Lal and some other gentlemen. I think it is quite obvious that if you work in a climate where you can work for a long time, where you can keep your head cool, then you will be turning out better work. Although the results will not appeal to you in a very visible form, but there will be indirect results in the long run. It is no argument to say that it is not impossible to work in the plains. Yes, it is possible to work in the plains, as it is possible to turn out bad work as against good work. That is also possible. Then, I submit, Sir, that for all these considerations it is in the interests of the tax-payer that we should legislate in the hills. The suggestion that was made that for five months at a stretch we can sit in Delhi, is one that has been, I think, very successfully refuted by Honourable Members, for you do not expect leisurely men to come here, but men of business who shall certainly devote part of their time to this business and the rest to their own. You will make the conditions very impracticable if you make people stay for six months at a stretch over legislation, and I think that will not be businesslike at all. That being so, if you have to do work for five or six months, then, I think, the work will be more efficiently done if you have some part of the work transacted at Simla. Then, another question that was raised was that means of transportation, means of locomotion at Simla were very faulty. That is not correct. As Dr. Nand Lal pointed out, you do not require the services of motor cars and other conveyances there and you can also easily get rickshaws if you are not inclined to walk. Somebody suggested that it was 6 or 7 miles to the Council Chamber, but I think he was corrected by some Government member who pointed out that it was only one or two miles. If you are not able to walk, there are rickshaws. So the question about conveyances is also laid at rest. Then another question is—it has been pointed out by the Government members that they acted rather in an economical spirit in having spent this money in advance because the value of property in Simla, as

we all know, has been rising by leaps and bounds. It would be unwise not to take the opportunity of any sale of property that is taking place there, because, if you really require that property, later on you are not going to get it for the same price. You will have to pay afterwards twice or three times the price. Therefore, if you once acquire the property, then even if you come to the decision that the property is not going to be utilised for the purpose originally intended, you can very easily sell the property at very great profit. Sir, I have now spoken to the question of principle, because it was intended that this question of principle should also be debated. To sum up, I think that we are yielding to the particular weakness of surrendering our own judgment to that of newspapers. Otherwise I do not see much force in the argument against migration to the hills. We should have the courage of our convictions.

Now, as regards the merits of Simla and the heat in Delhi, I think that when people talk of Delhi heat being such that people cannot work without sleeping and dozing, I might tell you that Simla at that time of the hot weather is a paradise. If I were to say what Delhi would be like at that time, if I were to call it by its proper name, I would be guilty of unparliamentary language. There will be rain; there will be heat and you will have to come 7 or 8 miles to the Council from your homes—I think the best plan for the Government would be to give a dose of Delhi summer heat to the Members here, only one dose, and then they will at once come round to the view that we should all go to Simla next year and bring a Resolution to that effect.

Bhai Man Singh : I rise to a point of order, Sir. My point is whether we can discuss the principle of the Assembly going to Simla. If we are to discuss that point, I should like to draw the attention of the Chair to the fact that already this question was raised in a certain Resolution by Mr. Rangachariar or by Mr. Subramayam, I do not remember the name of the Honourable gentleman. This question was discussed at that time and after a certain understanding the Resolution was withdrawn. Under the rules, when a certain point has been discussed in the Assembly, I do not think we can reopen the question this Session, and therefore I do not think we are now justified in discussing the question of principle whether the Legislative Assembly should hold its summer Session at Delhi or at Simla. It was agreed that this point should be discussed next year when the members have had some experience of Simla and Delhi. So I do not think we can discuss the question now.

The Honourable the President : Order, order. I think the discussion is quite in order.

Rai J. N. Majumdar Bahadur: Sir, I had no mind to speak at first. But after hearing my very judicious and learned friend Mr. Aiyar, and also my learned friend Mr. Rangachariar and Mr. Jamnadas Dwarkadas I am tempted to speak. The three gentlemen, who are all old, laid much stress on public opinion in this country that these learned gentlemen who have come here should spend all their time here in Delhi although the heat may be so intolerable that nobody will live at that time. My friend Mr. Aiyar has no experience of Delhi heat. He was telling me only the other day that if the Legislative Session continued in this manner, he did not think that he had made any bargain for one like that. Therefore, I say that if my friend who has no experience of Delhi comes here in the months of July or August, I think he will have to suffer a great deal. I have some experience of Delhi, Lahore, Rawalpindi and other places. I am not enamoured of Delhi or Simla. I would rather prefer my own village in the far interior of Bengal, and if I could, I would have a legislative house there. But the stars are against it, and Delhi is here, the Legislative Assembly is here, and for good or evil, the King has ordered that the Government should be at Delhi. At least for a generation we can never have the hope of removing this capital from Delhi. If I could, I would not remove it to Calcutta, but to Bombay, Madras, Nagpur, but never to Calcutta, for there will be difference of opinion. But, so far as Delhi is concerned, I mean the people of Delhi, they themselves are not very enamoured of it. Delhi is a very old city, and I had come here first in 1885, 1886, and again on the last Congress occasion, and I thought that Delhi had perhaps improved by the solicitude of the Imperial Government. But I must confess that Delhi is a place of malaria, I have had two attacks of malaria, and even now, I am with malaria. Therefore, I say that Delhi is not a place which I am enamoured of, nor am I enamoured of Simla.

Mr. Seshagiri Ayyar very soundly, and I have a great opinion for his sound judgment, says that the whole country is against it. Who will interpret the opinion of the country? There are certain newspapers who are against the Legislative Assembly itself. My friend, I should think, is a nominated member. Has he got the strength or the support of public opinion in his place to come to this House? Did not all the Madras papers, including the 'Hindu' and others denounce all those who offered themselves for election or who accepted nomination as traitors to the country? Therefore, I say that opinion outside the House should not be counted, but as Mr. Vishindas has said, we must have the courage of our conviction. Our friend, an eminent Judge of the High Court of Madras, did not deliver judgment looking to what the public would say, but he delivered judgment on the merits of each case. If we have to legislate here, we have to come to our decision upon the merits of each case, and not having regard to what the public opinion will say. There are some who say that the Members of the Legislative Assembly are really representative of the country, while there is a strong volume of opinion on the other hand, that the Members of the Legislative Assembly, whether elected, or non-elected or nominated, do not represent the country. Which is the public opinion? My friend Mr. Dwarkadas says that he wants to imitate the

example of those who are outside the Council more than those inside. They live on four annas a day, travel third class and walk on foot. They do not drive in a motor car, no silk and chadar, no electric fans. That is the example of those outside the Council. I hope Mr. Dwarkadas will follow the example outside the House and live on four annas a day and travel third class. He wants the Legislative Assembly here in Delhi, but he wants the electric fans also. Do all these men outside the House have electric fans? My friend here pities at the sight of those who are not inside the House, but does he bear his own sight, because he wants all comforts and conveniences, ice-cream, electric fans and many other things in order to mitigate the heat of this place? Therefore, I say that this matter must not be decided on what the public opinion will say. I thought my Honourable friend Mr. Rangachariar was imitating Brutus in Julius Caesar. I cannot imitate either the judicial acumen of my friend Mr. Aiyar, or the incisive eloquence of Mr. Rangachariar, but I ask you to consider the question from a practical point of view. The matter has been taken up, already a building has been constructed.

I think my friend will agree with me that it will be far better for him to have brought this Resolution in a direct manner instead of, like a subtle and acute lawyer he is, of bringing it in an indirect manner and confounding the issue between this and the real point. We are perfectly at liberty to discuss this motion at any time. Let it be brought up in a regular manner. I am not for Simla or for Delhi. I am for my village home. What I say is let us keep an open mind on this matter and not adopt this Resolution, as I say, by a fluke.

The Honourable the President: The question is:

'That the provision of Rs. 5,64,500 for a Council Chamber at Simla be reduced by Rs. 100.'

AYES—21.

Ayer, Sir Sivaswamy.
Ayyar, Mr. T. V. Seshagiri.
Bajpai, Mr. S. P.
Chaudhuri, Mr. J.
Dwarkadas, Mr. J.
Girdhardas, Mr. N.
Gour, Dr. H. S.
Iswar Saran, Mr.
Jatkar, Mr. B. H. R.
Jejeebhoy, Sir Jamestjee.
Misra, Mr. Pyari Lal.
Mudaliar, Mr. Sambanda.
Mukherjea, Babu J. N.
Neogy, Babu Khitish Chandra.
Norton, Mr. Eardley.
Price, Mr. E. L.
Rangachariar, Mr. Tiruvenkata.
Rao, Mr. P. V. Srinivasa.
Reddiyar, Mr. M. K.
Samarth, Mr. N. M.
Venkatapatiraju, Mr. B.

NOES—67.

Abdulla, Mr. S. M.
Abdul Quadir, Maulvi.
Afsar-ul-Mulk Akram Hussain, Prince.
Agarwala, Lala G. L.
Ahmed, Mr. K.
Ahmed, Mr. Zahir-ud-din.
Amjad Ali, Mr.
Asjad-ul-lah, Maulvi Miyan.
Bagde, Mr. K. G.
Barua, Srijut Debi Charan.
Bhargava, Mr. J.
Bryant, Mr. J. F.
Cotelingam, Mr. J. P.
Crookshank, Sir Sydney.
Dalal, Sardar B. A.
Dentith, Mr. A. W.
Faiyaz Khan, Mr. Mahammad.
Fell, Sir Godfrey.
Gajjan Singh, Mr.
Ghulam Sarwar Khan, Mr. Chaudhuri.
Gidney, Lt.-Col. H. A. J.
Ginwala, Mr. P. P.
Gulab Singh, Sardar.
Ghulamjilani, Sardar.
Habibullah, Mr. Mahomed.
Hajeebhoy, Mr. Mahomed.
Hullah, Mr. J.
Hussanally, Mr. W. M.
Hutchinson, Mr. H. N.
Ikramullah Khan, Mr. Mirza Md.
Innes, Mr. C. A.
Joshi, Mr. N. M.
Kabraji, Mr. J. K. N.
Keith, Mr. W. J.
Lakshmi Narayan Lal, Mr.
Latthe, Mr. A. B.
Mahmood Schamnad, Mr.
Mahomed Hussain, Mr. A. B.
Majumdar, Mr. J. N.
Man Singh Bhai.
Maw, Mr. W. N.
McCarthy, Mr. Frank.
Mitter, Mr. D. K.
Muhammad Hussain, Mr. T.
Muhammad Ismail, Mr. S.
Nand Lal, Dr.
Nag, Mr. Girish Chandra.
Nayar, Mr. Kavalappera Muppil.
O'Donnell, Mr. S. P.
Pereival, Mr. P. E.
Pyari Lall, Mr.
Rahman, Munshi Abdul.
Ramji, Mr. M.
Renouf, Mr. W. C.
Sarfaraz Husain Khan, Mr.
Shah, Mr. Rajan Baksh.
Shahani, Mr. S. C.
Shahab-ud-Din, Mr. Chaudhri.
Singh, Mr. Baidyanath.
Sinha, Mr. S.
Sircar, Mr. N. C.
Sohan Lall Mr.
Spence, Mr. R. A.
Subzposh, Mr. S. M. Zahid Ali.
Ujagar Singh, Baba Bedi.
Vishindas, Mr. Harchandrai.
Waghorn, Colonel W. D.

The motion was negatived.

The Honourable the President: Do I understand that Dr. Gour wishes to continue the discussion on amendment No. 20 in the agenda?

Dr. H. S. Gour: No, Sir.

Amendment No. 20 :

' That the provision of Rs. 74,000 for the extension of Longwood Hotel, Simla, be omitted (page 207)'

was, by leave of the Assembly, withdrawn.

Amendment No. 21 :

' That the sum of Rs. 1,12,000 provided for quarters for the non-official Members of the Council be omitted '

was also, by leave of the Assembly, withdrawn ; as also Nos. 22 and 23, respectively :

No. 22. ' That the provision of the sum of Rs. 5,64,500 for building a Council Chamber for the Legislative Assembly in Simla be omitted ; ' and

No. 23. ' That the provision of Rs. 5,64,500 for a Council Chamber at Simla be omitted.'

Mr. T. V. Seshagiri Iyer: I withdraw the next motion standing in my name.*

The motion was, by leave of the Assembly, withdrawn.

Rao Bahadur T. Rangachariar: I withdraw my motion†, Sir.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is :

' That a sum not exceeding Rs. 1,19,50,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for ' Civil Works'.'

The motion was adopted.

The Assembly then adjourned till Tuesday, the 15th March 1921.

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* 'That the provision for Rs. 59,000 for adding a second storey to the office of the Deputy Accountant General, Nagpur, be omitted.'

† ' That the demand under head Civil Works (No. 43) be reduced by 6 lakhs.'

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Tuesday, 15th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—LIST OF DEMANDS—*contd.*

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

The Honourable Mr. W. M. Hailey: Sir, I beg to move :

'That a sum not exceeding Rs. 25,70,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March, 1922, in respect of 'Superannuation Allowances and Pensions'.'

Superannuation Allowances and Pensions.

The motion was adopted.

The Honourable Sir Thomas Holland: Sir, I beg to move :

That a sum not exceeding Rs. 1,49,12,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March, 1922, in respect of 'Stationery and Printing'.'

Stationery and Printing.

Sir Frank Carter: Sir, the motion which stands in my name runs as follows :

'That the demand under Printing and Stationery be reduced by Rs. 10,00,000.'

The total Budget estimate voted for the coming year is Rs. 1,49,12,000 in respect of Stationery and Printing. That is a reduction of about Rs. 6,00,000 on the revised estimate of last year. The figures for India are Rs. 1,21,28,000 against Rs. 1,24,67,000 for last year. I see that the amount budgetted for printing is roughly Rs. 38,00,000, which seems to me to be an extremely high figure, and I hope that the Government will be able to make some reduction. The balance, Rs. 83,00,000, is the sum to be expended in stationery only.

Now, Sir, I put it to this House, do they think that amount is excessive? Personally, I am astounded at the figures. I see a heading under 'Stationery'—Purchased in the country—Rs. 9,800,' but I cannot think that this amount only will be spent on stationery purchased in this country. I would suggest that in preparing these Budget Heads for the House, some consideration should be given to Honourable Members who desire information.

In referring to Appendix B on Stationery and Printing, I see that Rs. 62,90,000 worth is to be bought in India, and Rs. 17,19,000 from England. I would ask the Honourable Member in charge whether so much stationery must be got from England and whether more cannot be purchased in this country. We have had a Stores Committee here and Sir Thomas Holland told us only the other day that the paper manufacturing industry in India is the largest item of stationery expenditure. I may say that that was what I thought it ought to be, but certainly nothing in this Demand No. 45 shows it.

I accept most gratefully the very frank admission of Government as to their desire to effect economy. It is surely obvious that this is a matter which concerns the Government as well as the Assembly, and any proposals that are likely to lead to that end will, I am sure, be welcomed by all of us. As the result of my own experience, extending over 31 years, I am convinced by what I saw in Simla last year and during my six weeks stay in Delhi this year, that there is a great wastage going on in connection with office materials. I am particularly interested in the subject myself because during the last two years in the firm with which I was connected, we have taken steps to reduce our own expenditure and, I may say, with very great success.

I admit that there is a considerable difference between commercial firms and a Government in connection with general organisation. The size of the Government of India and the fact that there is no continuity of service by officials. Official economy, however, ought to be common to both. Sir Thomas Holland said that measures for securing further economy have been for some months under special examination. I can assure the Government that to leave this question to a Finance Committee—to which, I may say in passing, no European Member has been appointed—is not sufficient, and the necessary economy will not be effected in that way. On this question of Printing and Stationery a sum of one and a half crores is involved. This is even more than the sum under 'Civil Works' for the year. Can the Finance Committee look after the issue of, and effect the control of, such small things as blotting paper, ink, pen-holders, nibs, etc.? I am sure they cannot. May I also ask what steps

are being taken to prevent theft? We all know that duftries and such like are very keen on paper and nibs, and they bag them from the office more often than not.

The members of the Finance Committee will probably be the first to admit that they are not sufficiently experienced to enable them to deal efficiently with the details of this subject. It is also obvious that the higher officials of Government have neither the time nor possibly the inclination to give due thought to the subject. Whatever the reasons may be, however, the fact remains that, judging from these figures, effective control is actually wanting. Judging from the statements made by the Finance Member at the close of the proceedings of the 8th instant and the answers given to this Assembly on the same subject, it would appear that the Inspector of Office Procedure is a man of great experience and one who, I think, should be asked to help in reducing the expenditure on Demand No. 45. I do not see why Government should not avail themselves of the services of this officer in this respect. No new expenditure will be involved. The control of all office material should, I think, be placed in his hands. I would also suggest that a certain sum should be allotted for printing and stationery to each department, and that each department should be responsible for that sum. In addition, very considerable savings could, I am sure, be effected if single sheets were used instead of double, and cheaper envelopes instead of the thick expensive covers, and the enormously big envelopes which are sent out with very small communications in them. I should like to ask also what is done with the waste paper and the old records. Are these sold to paper mills or are they sent to the incinerator? The incinerator appears to work pretty well all day and most of the night. Both in America and Europe economies have been effected, and in view of the heavy prices of materials at the present time, I certainly think the Government of India ought to establish some system of economy on the lines I have proposed

The Honourable Sir Thomas Holland: At last, Sir, I understand why my Honourable colleague, the Finance Member, chuckles so much to himself when any demand for a grant is attacked. He tries to make us all work without money: my constant endeavour is to make the departments or Government do work without stationery. Well, neither of us gets the appreciation which, I think, he deserves. I welcome the moral support of this Assembly embodied in the motion just moved by my old friend, Sir Frank Carter, reinforcing my efforts to restrain, not extravagance so much as thoughtlessness in the use of stationery. I fear, however, that we do not reach the real sinner by this motion. I should have preferred something in the form,—if it would be effective,—of a vote of censure on the duftris, the peons and the menial servants. That would do far more, I say,—if it could be effective,—than merely cutting down the estimated demand. Sir Frank Carter has called attention to the fact that we have one item—a small one—'Stationery purchased in the country' put down at Rs. 9,800, and he hopes and thinks that we ought to do our best to obtain our principal supplies of stationery in this country. I may explain that that small item is the total amount of stationery that officers have been allowed to buy on their own account. They are limited to purchases of stationery up to very small amounts to meet emergencies, but ordinarily they indent for stationery on the Central Stores, and it is the Central Stores that buys the paper and other forms of stationery for general Government use. Instead of limiting our purchases in this country to Rs. 9,800, I think it is quite safe to say, as regards paper—I cannot give the exact figure with regard to other items,—but as regards paper, we purchase 9-10ths of our total supply in India itself, and paper, among all forms of stationery, is the most important item. The money devoted to paper works out to be just 80 per cent. of the total stationery supplied. So anybody who is gifted with an aptitude for figures can work out what 9-10ths of 80 per cent. is. It is something more than Rs. 9,800!

The Budget is, Sir Frank Carter says, appalling. I quite agree with him. But it is based on actual consumption, less our purely artificial attempt to reduce the total in the hope that our efforts towards economy may be effective. In 1920 we budgetted roughly for one and a quarter crores and the expenditure actually was, roughly, one and a half crores. Now, judged by last year's expenditure, we shall want for our Central Stores at Calcutta something like Rs. 90,00,000. We have cut down that figure to Rs. 80,00,000, not because we think that merely cutting down the figure does anything, but because we do hope that the methods for enforcing economy which we are contemplating will have a sufficient effect this year to save something like 10 lakhs. Sir Frank Carter wants to cut off another 10 lakhs. So should I if I thought there was any use in doing so. As I told you before, paper is our chief item, covering 80 per cent. of our total stationery requirements, and now, since this Budget has been prepared last December, we have received our tenders for the paper which we hope to purchase in this country. We find that the prices now being asked are something on an average over 30 per cent. of the prices for which we secured paper last year. We are told that this is due to increased cost of production, increased cost of coal, of chemicals, of wages, specially for the collecting of the grass necessary for the manufacture of paper; and consequently these increases bear more on the cost of low class paper than on the higher qualities. Unless we can effect some real economy in consumption, the mere fact that we reduce the budget here will simply mean that I shall have to come back to you in September for a supplementary grant.

So far as this motion and discussion will help us to bring home to officials the necessity for economy, I welcome it. But I want the Assembly to understand very clearly that, in spite

of the hope of Honourable Members here, and in spite of my wish, we may not be successful in cutting down the expenses to the figure which Sir Frank Carter desires. When a Department asks for paper, it is quite impossible for me to say whether it is necessary or not. I have to supply it first and then grumble about it afterwards. It is no use refusing the paper in order to inquire as to the necessity for its use. As I said, our estimates are based on the experience of the past year. We must carry on a campaign of economy in every office in the country even to live within the Budget which we have already put before you. In consequence, as I said, of the increased prices asked for paper, we shall be compelled to enforce economy everywhere, in the hope even of keeping our supplies this year within the Budget as now given in this printed book.

I am now going to make a small confession which, I hope, will receive some support from this House. I have so far, as you all know, done my best to get every possible supply from this country. We have so far been able to get nine-tenths of our paper, and we have thus not only encouraged local industries, but we have also saved considerable sums of money. This year, on a very careful analysis of the tenders, we find that the Indian prices have now in certain special qualities of paper gone above quotations for those qualities which we can get at Home, and I propose to place the order on business lines where we shall be able to save money. That will amount to a relatively small fraction of our total. With regard to the main paper supplies, we still can purchase in India with economy. But I do hope that this very small departure in regard to the special kinds of paper, will act as a spur to the manufacturers in India to reduce their costs and, therefore, their prices. For we want them, as well as the Government officials, to make an effort in economy. I would never dream of going outside this country for a sheet of paper if it can be obtained here at prices comparable to the prices of paper obtainable from abroad. But I do feel that in this particular instance, where I am working on a small scale, we are justified in bringing home to the local manufacturers the necessity of facing the competition of the world.

Now, there are two forms of economy possible. There is, first of all, the centralised purchase on a large scale; and there is, secondly, the more important form of economy in consumption. With regard to the first point, I think it is safe to say that the present Controller is doing his very best, and we try to help him by every device that we can think of. I have told the Assembly that we are now threatened with higher prices for locally-made materials, and we have reached a stage now when we have to judge between the desirability of encouraging a local industry and the absolute necessity of saving money. What we are doing this year on a small scale I hope we shall never have to do again.

Now, the other forms of waste in which economies might be developed are, as Sir Frank Carter has pointed out, far more important. He has told us that we sometimes send communications requiring an anna stamp where half an anna will be quite sufficient. On that question I am afraid he is looking at it from the point of view of business men, and not from the point of view of Government. It does not cost us any more to make an anna stamp than it does to make a half anna stamp. So the mere postage does not affect the question at all. But I get from business firms communications on extremely good pader, paper specially designed to save postage. It is wise from the point of view of the business firms. But the paper itself costs many times more than the paper that is used by Government officers. I notice that last year I gave an answer to the Honourable the Maharaja of Cossimbazar with regard to the purchase of paper in India, and we worked out the results as the average annual consumption of paper to be 75,000 tons, of which 30,000 tons were manufactured in this country; that is to say, that 45,000 tons were imported mainly by private people, business houses mostly, but that the Government supplies of paper were to the extent of nine-tenths purchased in this country. So, in the matter of encouraging local industries, the Government have gone a little bit further forward than some of our business houses.

Now, in this question of economy I can do no more than hope for the co-operation of every serious official. A little thought exercised by all officials will in the total save us lakhs of rupees. Unfortunately, a sheet of paper is a very small thing, and most officers do not stop to think about saving it. It is only one sheet and it does not appear to be much. But in the total, all over the country, the effect is really serious.

The real loss, however, is not in consumption. It is not even due to that thoughtless use of an envelope for making a note, when a scrap of this ordinary paper would be sufficient It is not that. It is the wicked waste, what Sir Frank Carter calls more bluntly theft, on the part of many ministerial and menial servants. Has anybody ever seen a Government pencil shorter than that (holding up a pencil no more than three-quarters of the length of an ordinary pencil)? I cannot recollect having seen one. What becomes of old Government pencils I do not know. Like ladies, they never seem to grow old. I have never seen in any committee meeting or Government office anything but a very new looking pencil.

Among the methods of reform which we have already attempted to introduce, some are exactly those that have been suggested by Sir Frank Carter. One, for instance, is the attempt to break up the consuming units so as to introduce more careful personal supervision. We want each department to have its own budget. That was a proposal that was suggested early last year by my Honourable colleague Mr. Hailey, and we are now working out budgets for each department in the hope that any unnecessary waste will be brought home to the senior officials responsible for the department. We also propose to establish a small stationery depôt at the Headquarters of Government here and in Simla. At present the departments make indents

on the Calcutta Central Stores for the stationery that they expect will be necessary. The result is that each department provides for a little factor of safety, and these factors of safety add to a fairly big total. We hope that by having a small stationery depôt at Headquarters, we shall be able to work on a much smaller factor of safety, and shall, at the same time, have brought home to our own department the consumption being undertaken by the others. I hope too that the Inspector of Office Procedure will detect some sources of waste. Sir Frank Carter thinks that we ought to use him. We have been using him. He has detected various forms of thoughtless waste, I should think in the matter of stationery alone, by his suggestions for saving he has already very well repaid the country the cost of his salary. It is now a matter of extending the methods which he has suggested, so that in all departments, not only in the Central Government, because here we can make ourselves heard, but all through the country out to the very smallest office, some attempt will be made to reduce this enormous bill for stationery and printing.

Then, Sir Frank Carter referred to the very serious way in which the cost of printing is going up. The Government Press is now costing something like Rs. 38 lakhs this year. A part of that is due to increased wages paid to the men. Whether the wages are extravagant or not is a matter of opinion. I think they are fair, and when the new wages were issued last year the men thought that they were not fair and went on strike. They were on strike in two presses for two months, and in one press for one month. We saved a considerable amount of money then in two ways. We saved the wages, and we brought home to the Government departments the fact that they were demanding printing work that was not always necessary. Every department went through its records with a blue pencil and cut out portions that were unnecessary to be printed. I think that a certain amount of saving was effected temporarily, and I hope permanently, through that strike, by bringing home to offices the necessity of being careful, about the matter to be printed.

Then, there is another source of increased expenditure, that is, the increase in the size of our legislative bodies. With legislative bodies there will be extra committees and commissions of all sorts. All these will mean so much more in the way of printing and stationery. This Legislature costs now nearly 30,000 rupees a month, that is to say, the cost for a month of this Legislature is more than the printing bill of the whole Legislative Department in the pre-reform days, when we lived a relatively simple life. The Budget papers that were handed round to you on the day on which Mr. Hailey made his great speech cost about Rs. 15,000, and I estimate that it cost this country just about Rs. 9-8-0 for the Leader of the House to persuade an Honourable member last week that no rivers in the Imperial Public Works Department Division were used for irrigation. We should be very glad indeed if a reduction of the total Budget could in any way result in economies. I would gladly accept this motion if I thought it would lead to a serious saving, but I feel it might not do any good. It is a matter of business. Discussion will do good, because it will bring it home to officers throughout the country that we are going to insist on further economies. To cut money out of the Budget might even embarrass us, because we have now reached a figure that makes it difficult for us to undertake large contracts at favourable rates. I do not wish to get below a figure that I have to say to the Controller 'I cannot accept a contract of more than a certain size because the money has not been voted,' and so far as I estimate in the matter of paper, we are not far off that line now. I think that on the whole, there might be some danger in cutting out another ten lakhs. We have cut out ten lakhs on the estimates based on the consumption last year. So that, if Sir Frank Carter could be content with the explanation given of our attempts at economy, and if he will be content with the lessons that will be learnt as a result of this discussion, I would suggest to him that the mere cutting out of a figure in the Budget will not really add greatly, and possibly might not add at all, to the economies which we hope to effect. I should not like to come back to the Assembly in September to explain that our economies have been insufficiently successful and be forced then to ask you, not for 10 lakhs, but possibly 20 or 30 lakhs more. I should also like the Assembly to notice in the Statement of Demand, that we hope to recover something like 50 to 60 lakhs of this big bill from Local Governments. We supply Local Governments with a great deal of their stationery. We do for them a certain amount of their printing. They, on the other hand, make local purchases for us and occasionally do printing for Imperial offices scattered about India. The bill that looks so enormous is not actually a full charge on the Government of India revenues in that sense. But we have now to realise that the Local Governments, under the reformed constitution, have the power to purchase their own stationery and to undertake, as they mostly do now, their own printing. To what extent they will rely on us I am not quite sure. They probably will have to rely on us this year, because they have no organisation to undertake contract work themselves, and I am sorry to say that there are very few firms in India with whom they can deal in the matter of purchase of paper, except by creating a form of artificial competition with the Controller of Printing and Stationery of the Government of India. I am, therefore, completely in sympathy with the object of Sir Frank Carter's motion.

I only hesitate to accept it because I feel that we want to get at this difficulty, this source of waste, in quite other ways and that this is in itself not sufficient. We, as I said before, have already cut down the demands based on last year's consumption by 10 lakhs, and if we go further, well, we shall almost certainly be driven to a supplementary grant. I would therefore leave the judgment of this matter entirely to the House.

Dr. Nand Lal: Sir, according to my humble way, I have gone through the details relating to this demand which is called Demand No. 45, 'Stationery and Printing.' The expenses, I mean to say, the Budget relating to the salary of establishment, I must admit, is a fairly reasonable budget, barring two or three instances which I will venture to point out. For instance, if the Honourable the Official Member will kindly take the trouble of looking at page 219, he will find that on that page under the head '1920-21' the number of incumbencies is 68, whereas for the year under debate, we find 113 and the total cost amounts to Rs. 1,21,160. I am surprised to see such a difference. If some explanation were given here I would not have taken up the valuable time of this Honourable Assembly, but since no explanation has been given, I really feel astonished to see this difference and I submit that this difference, as it has not been explained, seems to be too great to pass. Then you will see further on that for the last year we had 35 copyholders and for the year, under debate, we have got 75. Here too there is no explanation given and my comment is the same. In other cases, relating to establishment as I have already made my admission, I say that the Budget is very reasonable. In regard to Stationery I have got a great complaint. When I go through the items relating to Stationery I feel bound to invite the attention of the Government to this very great expense. Government knows that we are in financial difficulty. The financial situation of the year under debate is a critical one, and this financial embarrassment cannot be removed till we may call upon poor tax-payers to pay us. I think we should try and see that the tax-payers and the rate-payers are not called upon to pay unnecessarily. When I say unnecessarily I mean to say that if by economy we can save something, that saving should in a way be allowed in making a reduction in our demands from the tax-payers. These are the items, and as I have submitted, they seem to be very very large, and there should thus be a reduction. For instance, I would invite the attention of the House to the head 'Stationery purchased for Central Stores' on page 230.' I have studied this carefully and I hope the House will kindly accept my suggestion. The accounts for 1919-20 tell us that a sum of Rs. 5,90,103 was spent or required. However, this item which is under the head 'Accounts, 1919-20,' is much less than what is demanded now. What is demanded now is 10 lakhs which is the budget estimate for 1921-22 on page 230, column 1. You will see that the revised estimate was no doubt 15 lakhs, but we have nothing to do with it. Let us examine what was demanded in 1920 and 1921. It was only 9 lakhs. Then we come to this conclusion that this year Government is demanding one lakh more for Central Stores. A greater demand is made because we are in a critical condition? My submission before this House is that this House should request the Government to do their level best to see that as little money is spent on this item as possible. Here a clear reduction of one lakh could be made. If Government was kind enough to save one lakh in 1920-21, we hope Government will be kinder this year and save the same amount, in any case. Then under the same head 'Stationery purchased for Central Stores' you will be surprised to see the amount 11 lakhs under head 'Bombay'. Perhaps this budget means to say that the Bombay Government most probably purchased this for the Central Stores. Since we have got to pay for it, we are fully justified in going into this item of 11 lakhs. In 1920-21, if I rightly follow these figures, it was only 10 lakhs. Here also, we can ask the Government to be kind enough to make some reduction. We can make a reduction of at least 2 lakhs in any case from this demand without injuring the work. This is not a reduction in salary so that the officers or the clerks will suffer. We have got full sympathy with them because prices are very high and we do not propose to make any reduction in their salaries; but, so far as Stationery is concerned, we really request the Government to be more economical and to use this stationery sparingly. We do not require stationery of the highest quality; we do not want to advertise our wealth by using the best quality of paper. This is the head which could be of some assistance to us, so far as our advocacy of the cause of the people is concerned. I shall request my Honourable friends, who were so very earnest about reduction yesterday, I mean Mr. Seshagiri Ayyar, Mr. Rangachariar and Mr. Jamnadas Dwarkadas, to give the benefit of their eloquence to this motion for reduction. Here I will ask them, as a token of their sympathy with the poor tax-payer, to come forward and urge upon the Government the necessity for accepting this motion for retrenchment which speaks for itself.

There are two other points to which I may invite the attention of this House and about which I feel bound to offer some remarks. I find here that the contract work for printing is given or is about to be given by the Government to private contractors, and the difference, which I find between the amount given as payment to the contractors last year and that which is proposed to be given to contractors this year, appears to be too much. When I compare these two items, the difference is a startling one. May I invite your attention to page 222, Head 'Supplies and Services.' Take 'contract for Government printing,' and see what is the amount? Your perusal of this item will clear the point. It is 10 lakhs. And what was it last year? A perusal of this item will tell you that it was Rs. 7,50,000. And what was it in 1919-1920? It was not more than Rs. 9,78,000. And what was it in 1920-1921? It was, as I have already submitted, Rs. 7,50,000. Now, perhaps the Honourable Official Member will explain that there has been a great rise in wages and that, therefore, the contractors would demand a little more. I grant that. There was a great justification for this answer if the difference were a small one. But there should be some limit to this increase. What increase has been allowed? As I have submitted already, may I repeat it, that last year it was Rs. 7,50,000, this year we find it is 10 lakhs. Now, arithmetically,

kindly try to find out to what percentage this difference amounts. This is a very very great increase in the amount allotted, and, if this contract has not been executed, if an agreement has not been made, then I very earnestly submit that this House should urge upon the Government to see that this contract money may be reduced. If the contract has been made, there is no help for it, but for the future my submission before the Government is that, before giving contracts there should be sufficient publication so that tenders may be invited on a very large scale and that the Government may try to get the best for the money which will be paid to the contractors. Of course, the decency of the printing and the respectability of the contractor should be taken into consideration, but at the same time the Government should try to see that proper publication is made on a larger scale and that all contractors, who have got anything to do with printing, may be invited to give tender.

When I go into the item relating to the purchase of stationery, I again feel very much surprised that stationery was not purchased, on a larger scale, in this country. The object of the Government is—and I must thank Government for that noble idea,—that indigenous industry may be developed. Here is a chance, lakhs and lakhs are spent on the purchase of stationery. Why should not the whole sum be spent in India, if all these articles which are required could be had in India ? Of course, in the case of those articles which cannot be had in India, they can be imported.

Then, there is another item to which I feel bound to invite the attention of this Honourable Assembly, namely, 'the printing done in private presses.' When I compare the items relating to the expenditure incurred on account of having those things printed in private presses with the expenditure incurred on having the same things or things of a similar kind printed in Government presses, then I feel bound to submit before this House that the private presses should be encouraged, because this seems to be economical, and I ask the Honourable Official Member to kindly tell us why the private presses were not given a greater chance. If there was a sufficient reason for not doing so this time, I shall place my submission before the Government that in future, I mean to say next year or the year after, greater opportunity may be given to the private presses.

Perhaps this Honourable Assembly may ask why? What will be the use? There will be a number of benefits. In the first place, economically, it will pay the Government. If my calculation and computation of all these figures are correct—I am subject to correction no doubt—then I feel bound to submit, that if work is given to the private presses, it will be less expensive.

The second benefit would be this, that our officials, supervisors, superintendents, foremen and readers, will not be saddled with so much responsibility as they are now . . . .

Mr. Jamnadas Dwarkadas: I rise to a point of order, Sir. Is there not a time limit of 15 minutes for speeches ?

The Honourable the President: There is no time-limit in the case of speeches on the Budget.

Dr. Nand Lal: Perhaps my friend, Mr. Jamnadas Dwarkadas, has not got a good watch.

Thanking the Chair for its ruling, and not thanking Mr. Jamnadas Dwarkadas, I may submit, that this item, or you may call it head, is the proper head in regard to which you can very respectfully ask the Government to make a considerable reduction, and with these few remarks I support this amendment, *viz.*, the motion for a reduction most strongly.

Mr. E. L. Price: Sir, the fear of the Honourable Member's demise if he were kept in Delhi long, yesterday, I submit, had a marked effect on the result of the division. Members will be glad to see that the climate of Delhi is not so deleterious to the Honourable Member's health, but that his staying powers are remarkable, and that there is no fear of his early death, but rather that his staying powers may prove the death of us.

There is one point I want to put. The Honourable Sir Thomas Holland, I think, has given us a more than adequate reply, but he did not tell us whether the Government's waste paper is destroyed in incinerators or sold.

Mr. B. Venkatapatiraju: Sir, the expenditure on the stationery, as my Honourable friend, Mr. Norton, has said, is not at all stationary, but going up year after year. In his usual and full address the Honourable Sir Thomas Holland has tried to reply to Sir Frank Carter, but I regret to say it is not satisfactory—at least, to some of us, because though he said that 80 per cent. of the paper is purchased in India, that is not the only consideration. When the whole amount is absolutely necessary and the whole amount is utilised for proper purposes, there would be no objection ; but Sir Frank Carter and Mr. Price, who are both business men, have pointed out that by utilising waste paper we can realise some amount instead of burning it in incinerators. I may tell you that merchants would purchase most of this waste paper for about one-tenth of the price. We find in every office incinerators burning, if not at night, I have certainly seen during the day vast heaps of waste paper being burnt in this way, which, if we gave up all this redtapism—unless you want to burn confidential papers—could easily be sold.

I want to mention one or two more facts in connection with this motion. The Honourable Sir Thomas Holland referred to receiving supplies from the Local Governments as well as

making supplies to them ; but I find from the explanatory note that there is an increase in the outlay on printing (page 54). But we are receiving less from the Local Governments and we are spending more on printing works. Spending more on printing works, I thought, was bringing in extra machinery, but I find it is purely increase of pay to the extent of about 5 lakhs and even for such a small press as the Private Secretary's Press we have provided nearly Rs. 36,000. We have so many Government Presses besides the Private Secretary's Press, that this yearly expenditure for the Private Secretary's Press seems too large. I also find under the 'Reading Branch' at page 2 9 that there is an increase of staff and an increase of expenditure to the extent of one lakh. And curiously at page 216 under 'Contingencies' there is an increase from Rs. 93,000 to Rs. 1,70,000.

There are various other items showing an increase of expenditure. The Honourable Sir Thomas Holland says he does not mind accepting this motion, but he will be obliged to come back again in September. Well, I think, Sir, it is far better to give him an opportunity of coming back to us when we grant a smaller amount, saying 'We have spent it and economically spent it and we want more.' Then we shall have an opportunity of scrutinising it. But I respectfully wish to draw the attention of the House to the fact that Dr. Nand Lal is not charitable to our Honourable friends, either to Mr. Rangachariar or to Mr. Seshagiri Aiyer or to Mr. Jamnadas. Perhaps the extremes of climate affect our friend, Dr. Nand Lal, sometimes making him happy and sometimes sad; because he at one time says this is extremely unsatisfactory, and then he comes forward when we are asked to spend a crore and a half on the stationery with a statement that it is very reasonable. I cannot understand whether he is joking or is serious. When he says 'That is very reasonable; why should there be any reduction at all?' Sir, in these matters we ought not to be satisfied with a 'muddling through process.' We must try and scrutinise every item, and in doing it we have the help of two such business men as Mr. Price and Sir Frank Carter. We must take advantage of their support and press upon the attention of the Government the need for reducing this item, so that if they find it necessary they can come back to us again in September. Therefore I have great pleasure in supporting Sir Frank Carter's Resolution.

Mr. Eardley Norton: Sir, I rise to ask two questions and to give one answer.

The first question is with regard to the Private Secretary's Press. I do not in the least wish to pry too closely into the doings of that gentleman, for we know he has many and very delicate functions to perform, and possibly some of these include the writing and setting up of speeches which are subsequently delivered by various eminent personages. But I should like to know something more about this Rs. 36,000 provided for the Private Secretary's Press. I should like to know, among other things, to whom that special personal allowance is given, – whether it is to the Private Secretary or to some of his subordinates. (Page 223.)

The other question I wish to ask is with reference to an item printed on page 230 to which allusion has already been made. I mean the item of 10 lakhs of rupees for the cost of stationery supplied to the Presidency of Madras for which I have the honour to sit. I cannot help thinking there must be some *per contra* recovery from Madras with regard to this very large item, and if so, I want to know where I can find it and what that recovery is.

The answer I want to give is this. The Honourable Sir Thomas Holland says he has never seen a Government pencil shorter than the one he held in his hand. I think I have some bowing acquaintance with the pencils furnished to this House outside the precincts of this House. I rather think I have met some in a Bridge room at Raisina, and I suggest to Government that if any real retrenchment is to be made under this head, they should begin by searching the persons of the Honourable gentlemen who leave the House every evening when the House rises.

Mr. J. Chaudhuri: Sir, I rise to give my support to Sir Frank Carter's motion. I am not going to deal with it with my Honourable friend, Dr. Nand Lal's eloquence.

There is not much scope for eloquence dealing with this subject. But I labour under the same difficulty that my Honourable friend, Mr. Venkatapatiraju did. The Honourable Dr. Nand Lal took a full quarter of an hour in making his speech, but barring his eloquence we have not been able to follow what he was drifting at. He dealt with figures and facts which left no impression on my mind. There is a general impression all over Calcutta, and I think all over India, that the Stationery Department of the Government of India is the most extravagant department of the Government, and I have always heard complaints that they do not favour local tenders and that they do not advertise or call for tenders, and people do not know on what principle the department makes its purchases. A further reason for complaint, I find, is that under this head there is a statement 'Stationery purchased for Central Stores Rs. 80,00,000', and out of this the stationery purchased in the country only amounts to Rs. 9,800; that has been explained and corrected and I shall therefore leave that point. Mr. Eardley Norton has complained about pencils. I have known small industries developed in this country which have had the greatest difficulty in obtaining orders from the Stationery Department. I know of a particular pencil factory where the head of this department went and approved of the pencils; then the head of the Commercial Intelligence Department also went and approved of them, as also his assistant, Mr. Cotton, and all this was recorded in the books of the company. But when the time for placing orders came, the company applied to the department for a number of years and they did not succeed in getting any orders at all from the Stationery Department. It was the Census people during

the last census who obtained these pencils and they never complained about them. We have heard so many times that Government wants to promote indigenous industries, but when industries in this line are started, we find that the Stationery Department is very loath to patronise them; and I would, therefore, ask the Honourable Member in charge of the department to see to this.

I should also like to draw the attention of the Honourable Member to the Printing Department. Every one knows that there was a great strike in the Government press last year, and there were considerable difficulties in bringing about a settlement. Now, when printing presses go on strike, we also who are interested as journalists in printing presses are indirectly hit by it, and it is to our interests that the Government presses should be managed in a thoroughly business-like manner. I understand that the Honourable Sir Thomas Holland appointed a Works Committee superintendent for looking into the grievances of the Government press people at Calcutta; but before I came here, the representatives of the Government press came to see me and wished me to represent to the Government of India that their grievances have not been adequately attended to, and that the Works Committee were not looking after their grievances at all. They say there are two methods of doing work in the press, some people are salaried servants and others do work on the piece-work system. Now it is to the interest of the salaried servants not to give enough work to the workmen who work on the piece system, the object being to get overtime allowances for themselves; and this causes considerable loss of money to the Government.

Then there is another matter of complaint and that is that Lino operators and Mono operators are treated differently at Simla and at Calcutta, and that some uniformity should be observed with regard to workmen in these lines. They say that if all men are employed on the salaried system and their work properly supervised, the work will go on more satisfactorily and greater economy might be effected in the management of the Government presses.

Another grievance is with regard to the pension which men who work on the piece-work system are entitled to after they have served for 25 years. Government has fixed a rule that the pensions should be calculated on the average of their earnings for the last five or six years. Now, these workmen say that the rule is all right with regard to Government servants who are employed in the offices, since they go on getting larger and larger income and before they retire get their maximum salary; but that with regard to the piece-workers, whose weekly or monthly earnings, as they grow older and older, fall off instead of going up. The more reasonable way would be to calculate their pension from their average earnings during the 25 years, and that would work more satisfactorily, since under the present rule when they retire they get very little pension indeed. In one instance it was pointed out that a man who used to earn in his younger days Rs. 50 to Rs. 60 per month got a pension of Rs. 3-8-0 only when he retired.

So I bring all these matters to the attention of the Honourable Member in charge of the department for the purpose of looking more closely into the working of the department; and if the Government presses were reorganised and workmen given fixed monthly salaries instead of working on the piece system, I think there will be greater satisfaction amongst the press hands, which always contributes to efficiency of work as well as economy.

Sir Frank Carter: Sir, I am sorry that my little motion has occupied so much of the House's time. I really never intended it should do so. I thank Sir Thomas Holland for his assurance that economies are being effected and will be effected in the future, though I am sorry that he cannot see his way to reduce this demand by Rs. 10 lakhs.

There are just one or two points that I should like to refer to in what he said. I am glad to hear that so much paper has been bought in the country and I quite approve of his giving up the paper mills here if their prices are higher than those which he can obtain in England. He admits that there is no check on the supply of paper. This is rather a tall order, but I think there ought to be some check, especially on the supply of private paper. Then again he refers to 'wicked waste', and what I call 'theft'. It seems to me, Sir, there is a simple remedy against theft of pencils and pens. I presume all Government officers have a writing table with a locked drawer; it is only a small matter to put your pencils and pens into the drawer, lock it every evening before going away; they cannot then be stolen during the night.

There was another reason which Sir Thomas Holland brought forward why he should not reduce this vote, and that is that he would not have sufficient money to pay for the stationery that he had ordered and was necessary. I am afraid from my experience of Government they do not always pay cash. We have been kept months and months before we are paid. However, Sir, under the circumstances I wish to withdraw this Resolution.

Leave was refused.

The Honourable Sir Thomas Holland: May I rise to a point of order, Sir? I was under the impression that the Government Member would, at any rate, have the right of answering the questions that have been put to him for information before the House is allowed to divide.

The Honourable the President: The Honourable Member for Government can reply before the main question is put again. This has happened several times. I may remind Honourable Members, Members of Government as well as ordinary Members, that they must protect their own right of reply. The Member who moved the reduction rose at once the

moment the preceding speaker resumed his seat, and, therefore, I called him. I did not observe Sir Thomas Holland rise at all.

Order, order. The original question was :

'That a sum not exceeding Rs. 1,49,12,000 be granted to the Governor General in Council to defray the charge which will come in course of payment, during the year ending the 31st March, 1922, in respect of 'Printing and Stationery'.

Since which an amendment has been moved :

'That the demand under 'Printing and Stationery' be reduced by Rs. 10,00,000.'

The question I have to put is, that that reduction be made.

The motion was adopted.

The Honourable Sir Thomas Holland : Mr. President, I merely want to correct one or two statements that have been made by some Honourable Members. I have also been asked by some of the Members to supply information in answer to questions in order, presumably, that they may be entitled or able to make up their minds fairly. I am not opposing this motion at all. I have pointed out to the House that we are attempting to effect economies, that we hope to succeed, and that we have valued our hopes to the extent of Rs. 10 lakhs already ; but I dare not come to this House with anything like a promise of economies to the value of Rs. 20 lakhs, especially because, as I have told the Assembly, since the Budget was prepared, we have learnt that the cost of country-made paper will be very seriously increased, possibly to something like 33 per cent. Therefore, the question before the House is, whether it is worth while cutting a figure out of the Budget if you are practically certain that the Budget will have to be renewed. If the figure is left in the Budget, we shall not necessarily spend it. Our contracts are so made that they run on from week to week on an agreed schedule of prices. If we do not want the material, if the material is not demanded by our departments, we take no supply and we therefore make no corresponding payment. At the end of the year, if we do effect a saving, the money will be returned to Government. Last year, instead of there being a surplus, we had to come up for a supplementary grant. I have told you what I think are the principal forms of consumption. I have also told you the methods we hope to adopt to effect economy. We can do no more than promise to push ahead along those lines. Whether you cut the figure or not is a matter of unconcern to me, seeing that we must meet the stationery demands of the country if these demands are presented to us in a form which shows that they are necessary. Under the rules, theoretically, the Controller has the power to challenge any demand that is made, but it is a very difficult thing for the Controller to say to a Government department 'you do not want any more paper and you shall not have it.' Once the department establishes its claim, it is very difficult indeed for the Controller to enforce that form of economy, and occasionally it might even be a very dangerous thing for anybody to attempt.

Sir Frank Carter has suggested that it would be an easy thing to lock up your pencils and pens before you go home in the evening. Well, as I mentioned before, all I want from the officers is in this way a little more thoughtfulness. Thefts occur because of opportunities. Because Mr. Moncrieff Smith does not go round the Assembly hall every evening and pick up the pencils and pads of paper we get a remark made to us like that made by Mr. Eardley Norton as to the pencils being found at Raisina! It might be a thoughtful and useful thing if Mr. Moncrieff Smith would every evening go round to each Member and make him return the pencil that he was supplied with in the morning. Economy, as well as charity, begins at home.

Well, I do agree that a great deal can be done with a little more thoughtfulness on the part of each officer. We try to do so in our own office, and I think every office in the Government of India is really doing its best to think of new forms of economy in the matter of stationery.

Sir Frank Carter says that Government does not pay cash for its stores, does not pay its bills punctually, and therefore it is not liable to be embarrassed merely for want of money. The arrangements we have for our contracts are that we get a saving of something like 5 per cent. on the understanding that our bills are paid within a certain specified time. That we have done, and that we will do. There are some firms, it is true, whose bills require a great deal of examination before the Government can dare to pay them!

Now, Sir, there are one or two minor matters referred to by Dr. Nand Lal. He said that the number of subordinate workers in the press in one case rose from 68 to 113 and from 35 to 75 in another case.

If he adds up the columns, he will find that the actual rise is from 958 last year to 1,142 now. The real reason for that is not that there are more workers, for unfortunately there are less : the reason is that a large number of the men in the old days were engaged as temporary day hands. Some of them, I found, had been for years temporary day wagers, and it was unfair that men of that kind should go on from day to day being merely employed as day-wage men when they were in effect permanent Government officials. They were, therefore, in the course of our examination of the press last year, put on to the permanent scale, and so their service, which has been continuous, will be counted towards pension. That is really the difference : it is a book difference, and I think that every Member of this House will agree with me that it is only fair to these men that they should so be recognised in order that they may establish their claims.

But we have gone a little further than that, and worked out a scheme for a Provident Fund, because a man who earns a pension, as I think Mr. Chaudhuri said, sometimes does not enjoy it for long or get a sufficiently large one because of his recent earnings being on a low scale, whereas if a man is put on a Provident Fund he gets what he earns whenever he leaves Government service ; and when he leaves, if he dies afterwards his Provident Fund is at the disposal of his family, whereas a pension dies with him. We have been working out a scheme so that the new employees in the presses may be put on to the provident fund instead of having to work on the old Government pension system.

Then, Dr. Nand Lal raised the question of the purchase for central stores under the head 'Madras' on the last page of this Statement of Demand. He also referred to a similar statement in the case of Bombay. These increases in Madras and Bombay do not worry us at all. They are purchases made by Madras and Bombay that they have to pay for. They go into our books and are credited in that way, but the Government of India does not pay for these items. On the other hand, the more they increase the better we are pleased in one way, because all the purchases made by Madras and Bombay on behalf of the Central Stores are purchases of locally made articles. They have not the power to make contracts outside India, so that is an index of the way in which local purchases are being made.

Then, the rate has gone up for the contractors for Government printing from Rs. 7½ lakhs to Rs. 10 lakhs,—one of the items referred to by Dr. Nand Lal. He wants the contract to be reviewed and he wants in future that public tenders should be invited. The contract that is recorded this year is a purely temporary extension of a contract that has been in existence for many years. Before we renewed this contract at an appreciated rate, we had a very careful inquiry into the increased cost of printing. We also had inquiries made as to the possibility of any other firm undertaking the work. The work undertaken is that of printing Government forms. These forms are mostly stereotyped and the demands go straight to the firm from the different departments. It is a very large organisation of a special kind and I am not going to blame other printing firms who were unable to make a favourable tender this year. It is because if any other firm made a tender they would have to reorganise the whole of their printing system and establishment. They would have to increase their plant for the production of these special forms and without anything like continuity and certainty of tenure, it would not be worth their while, as it was not worth the while of any firm to make a more favourable tender than we have received. The contract was renewed temporarily because we hope, in the future, to split it into two portions. That is to say, we shall undertake our own storage and distribution and shall then be in a position to accept tenders for the whole or portions of the printing from any firm in India. We are unable to do that this year simply because we do not wish to spend money at once on new buildings, the buildings that would be required for storage accommodation.

I think that it would not be fair for me to go any further, in a public discussion of this kind, into the details of this contract, because the number of firms affected are so few that anyone could quite well guess to whom I referred if I mentioned any figures. I will, therefore, with the consent of the House, place the full details before the Financial Committee, if the Financial Committee would like to examine them. I leave it, then, to the Financial Committee to judge as to whether we have made a reasonable attempt or not towards economy in the matter of outside contract work.

Dr. Nand Lal then goes on to say, that we ought to increase the work given out to private presses. Well, last year when we had the strike of printers in the three main Government presses, we attempted to give out certain sections of our work to private presses. We called for tenders from different presses in the country, and I have myself not the slightest doubt that the very best tender was distinctly more expensive than the printing done in the Government printing presses. It is not a matter that we can state precisely in figures, because, as you know, in estimating a cost of this sort, certain artificial allowances are made for overcharges ; but having made these allowances so far as we can judge them to be fair, we think that we are effecting more economies in the Government printing presses by printing ourselves than would be obtained if we contracted our work out to private presses under present conditions in India. It is true that last year most presses were working under difficulties of labour. There were constant strikes and demands for increased wages, the immediate effect of which was to paralyse firms who wished to undertake contracts. They were afraid to undertake contracts at rates that in normal times would have been regarded as safe, because they felt that there was no certainty as to the future demand for wages.

Mr. Price renewed the point in Sir Frank Carter's opening speech with regard to the disposal of waste-paper. I forgot to mention this matter before.

At the same time the collection of waste paper does not come within my immediate departmental work. My department buys paper and supplies paper to other departments, but I am not a rag and bone merchant, we do not pick up waste paper. But what is done is this. Each department is responsible for its own waste paper, and in some cases they dispose of it separately. I think that in Bombay Mr. Percival will probably know—the waste-paper of all Government departments is collected and handed over to the Poona Paper Mills. In many cases, however, it is a very difficult thing to deal with waste-paper in Government offices. So many of the papers are of a confidential nature that it is dangerous to allow them merely to be sold as waste, and in that case, large quantities of paper have to be burnt.

Mr. Venkatapatiraju wants us to take advantage of the suggestions made by a business-man like Sir Frank Carter. Sir Frank Carter knows as well as I do that the same forms of waste go on in business offices. A business office is a small unit and can be more effectively supervised and, consequently, possibly more savings are effected. But as I have already stated, one of our methods will be the division of departments into smaller units for more complete and personal supervision.

I remember the case of a manager of a firm going to Calcutta to inspect his branch there and in the course of his ordinary duties he made it a special point to work out the consumption of stationery and stores. He found that during the past few years, his branch firm at Calcutta had indented on the Home firm for nibs sufficient to supply every man in the office with three nibs a day, and every man meant, every man including the sweepers. That is the way in which waste goes on; and in Government offices and in firms we have waste in the same way,

Mr. Chaudhuri has raised the whole question of the treatment of press workers. We dealt with that question last September in Simla. I think we discussed it very fully then, and it seems to me unnecessary to revive that question now. His principal contention is that our piece-workers ought to be turned into salaried men, and I suppose he suggested that because the aim of this discussion is to effect savings. Now I have never heard of any business man ever hoping to effect a saving by turning his piece-workers into salaried hands, and as I told the old Imperial Council last September, I should like to see every official who is a salaried officer turned into a piece-worker.

I think I have covered all the points that have been raised in the debate, and I again say that I leave the Budget to the House. We have already cut off ten lakhs and I do not want to hold out false hopes by suggesting a further reduction in the estimates.

The Honourable the President: The question is:

'That a sum not exceeding Rs.1,39,12,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending 31st March, 1922, in respect of Stationery and Printing.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 50,23,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March, 1922, in respect of 'Miscellaneous Expenditure'.'

Miscellaneous Expenditure.

Mr. A. B. Latthe: Sir, I beg to move:

'That the reserve of Rs. 10,00,000 at the disposal of the Finance Department, be reduced to Rs. 2,00,000.'

You will see that on page 233 it is proposed that the Finance Department should have at their disposal a lump sum of Rs. 10 lakhs for unforeseen expenses, and the explanation in the memorandum which has been supplied to all Members of the House says that this sum is intended for the purpose 'of urgent objects' for which expenditure may have to be incurred 'during the next year before a supplementary vote can be obtained from the Legislative Assembly'.

Now, in deciding whether such a reserve is necessary, the first consideration which would weigh with the Assembly would be whether such a reserve had been of any utility in the preceding years.

This Budget gives the figures for the last year. You will see that Rs. 10 lakhs were provided for a similar purpose last year, but not a pie was spent. The reason is obvious. Those Honourable Members who have looked into the Budget will find that the Budget has been prepared with the greatest detail and care, and almost every imaginable expenditure has been provided for. Under the circumstances, therefore, I do not think there is any probability of any unforeseen occasions arising, except perhaps occasions like an epidemic, which will require the Finance Department to meet expenditure from such a large amount as this. Then there is another consideration which is also of considerable importance. In the ordinary course we find that such a provision is not necessary. It has not been found to be necessary in past years, and if we provide for such a large sum in so indefinite a manner, the only result is that it will not bring any convenience to the Government but will add to the deficit, making it necessary in a year like this to add to our taxation. I therefore submit that the right course for the Government to pursue, in such circumstances, is not to provide for such unforeseen expenditure. I do not mean to say that no unforeseen circumstances will arise requiring expenditure, but if they do the right course for the Government to take is to incur the expenditure and then come to the Assembly for its sanction. If such expenditure is very urgently required, I do not think that the Assembly would at any time refuse its sanction; and if there is time to obtain the sanction beforehand, that may also be done. But if we keep aside a lump sum of 10 lakhs for circumstances which we cannot even imagine, the only result at a time like this would be to increase the taxation unnecessarily. I therefore submit that this sum should be reduced to at least Rs. 2 lakhs.

The Honourable Mr. W. M. Hailey: Sir, I should like to begin by correcting one misapprehension of my Honourable friend. Whereas expenditure has been made against the

reserve in previous years, the amount so expended is not shown under this particular head because as soon as the expenditure is incurred, it is passed over to its own definite head of account.

Now, Sir, with regard to our proposal that we should have 10 lakhs in our hands as a reserve. I do not know how long the House desires that we should go on without applying for a supplementary grant, for myself, I should prefer not to apply for a supplementary grant at all, that is to say, that we should carry on until the next Budget, without a further application to the House. But it would perhaps be in any case difficult to do so, for our Budget has been drawn up, as I think Honourable Members will recognise, on the very narrowest lines. Under no head, except I think under the one minor head of Delhi—nowhere have we left any reserve. If, therefore, we are to carry on without coming to the House for a supplementary grant next September or August, as the case may be, I do not think that anybody would deny that 10 lakhs is a very moderate reserve for the purpose of so carrying on. It is impossible to provide for all contingencies. I can think now of many items which we should have to meet from any such reserve as may be provided by the House. Take, for instance, the case of the larger allowances which are now being paid to the Legislative Assembly itself. Then again we have, coming on, in the course of the summer, certain small inquiries such as that regarding the rehabilitation of the 3½ per cents. We know that trouble has arisen in the Post and Telegraph Offices and we have had to appoint a committee to take up certain points that were not touched by the former committee. We may have to make payments there. I do not desire to burden the House with a mass of details of the unforeseen expenditure—technically unforeseen expenditure, which I myself anticipate—but it will be perfectly obvious to the House that there must be many matters for which we have not provided in the Budget but in which we shall have to meet claims. Now, what does the provision we have made amount to? The provision we have made is Rs. 10,00,000, which appears to be—taking the whole of our expenditure in England and India together—·087 of our total expenditure. I put it to any business man here that a provision of ·087 of your total expenditure for unforeseen contingencies is an extravagant one. I need not add, that if this were left in our hands it would not be used for the purpose of incurring expenditure on any item which has already been cut out by the House. That I think goes without saying.

Nevertheless, I have naturally desired to see how far we can meet the House in this particular point,—for it is the obvious desire of the House that we shall reduce our demands to the very lowest sum possible. The House—if I may put it in this way—has granted us the exact fare for our journey, something for the conveyance of our luggage, and possibly the bare minimum for our food on the road but in every journey it is reasonable to add in some provision for the unforeseen chances and contingencies of the way. We will endeavour if the House will allow us this sum, to carry on with 5 lakhs, thus cutting 5 lakhs out of the Budget. It may be, that on that account, we shall have to come up for a supplementary grant sooner than I could have wished but I am content to run the risk of that. The House has before it a number of motions on this point and I suggest that it should take them all together and fix the sum at 5 lakhs.

The Honourable the President: Does the Honourable Member accept that?

Mr. A. B. Latthe: Yes, Sir.

The Honourable the President: Then I will put the motion in that form. The original motion was:

> 'That the reserve of 10 lakhs at the disposal of the Finance Department be reduced to 2 lakhs'.

The question I have to put is:

> 'That in the place of the words 'Rs. 2 lakhs' the words 'Rs. 5 lakhs' be substituted.'

The motion was adopted.

The Honourable the President: The motion now is:

> 'That the reserve of Rs. 10 lakhs at the disposal of the Finance Department be reduced to Rs. 5 lakhs.'

The motion was adopted.

Sardar Gulab Singh: My Resolution, Sir, is just the same—at least a similar one. It may be worded in the same way. I ask:

> 'That the demand be cut down to Rs. 5 lakhs.'

The Honourable the President: Order, order. The proposal which the Honourable Member would have made is covered by the amended motion for reduction which has just been carried.

Sir P. S. Sivaswamy Aiyer: May I ask, Sir, that the House be furnished with some details of the Rs. 41,52,100—charges on account of the visit of His Royal Highness the Duke of Connaught—on page 231? I simply ask that the House may be informed as to the details of the expenditure.

The Honourable Mr. W. M. Hailey: Sir, I think the most satisfactory form in which I can supply that information will be, to place on the table of the House the heads of expenditure which we have incurred in connection with the visit of His Royal Highness.

Mr. B. H. R. Jatkar: Sir, I rise to ask one question about an item about which I have some doubt.

I refer to page 236. There is a sum of 25 lakhs for quit-rent to His Exalted Highness the Nizam of Hyderabad. Presumably it refers to Berar. The amount is not votable, but as we all know, this province of Berar has been under the Central Provinces administration and the revenues of Berar are allocated to it. I ask whether this item of expenditure in connection with the quit-rent for Berar payable to His Exalted Highness the Nizam should not be a proper charge to the Central Provinces Government.

The Honourable Mr. W. M. Hailey: Sir, I shall not make the point about this that it is non-votable expenditure; the Honourable Member is only asking for information and I shall be glad to give it to him. When the Financial Relations Committee conducted its inquiries in the provinces and decided the sum which should be paid by us to them and in return by them to us in the form of contribution, this particular sum was not taken into account for purposes of adjustment. If, therefore, we were now to pass this sum on to the Central Provinces we should have to revise that adjustment and reduce their contribution to us. The effect, therefore, would be much the same to us.

The Honourable the President: The question is :

'That a sum not exceeding Rs. 45,23,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of 'Miscellaneous Expenditure'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: I beg to move, Sir :

That a sum not exceeding Rs. 62,84,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, in respect of 'Adjustments with Provincial Governments'.'

Adjustments with Provincial Governments.

The motion was adopted.

The Honourable Dr. T. B. Sapru: Sir, I beg to move :

'That a sum not exceeding Rs. 1,43,54,000 be granted to the Governor General in Council, to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for the Administration of the North-West Frontier Province.'

North-West Frontier Province.

Munshi Iswar Saran: Sir, I beg to move :

'That the provision of Rs. 3,20,000 for General Administration (page 238) be reduced by Rs. 20,000.'

Sir, the reason why I have made this motion is that I wish to call attention to the dissatisfaction that exists against the general administration of the North-West Frontier Province. I wish to make it clear, Sir, at once that I do not take objection to any particular item of expenditure. My only object in bringing forward this motion is to raise a debate and to draw the attention of the Assembly to the general administration in the North-West Frontire Province. As this House is aware, the area now known as the North-West Frontier Province formed part of the province of the Punjab, and it was on the 1st of November 1901 that it was formed into a separate province known as the North-West Frontier Province. Opinion is very much divided, I submit, whether this step, taken in Lord Curzon's time, has proved beneficial to the people of that province. We find that last year, in the Indian Legislative Council, Mr. Sinha gave notice of a Resolution that the North-West Frontier Province should be abolished and that the Districts of that Province should be merged in the Province of the Punjab. The Resolution was admitted but, on account of a difference that arose in the Council because Mr. Sastri's Resolution on the question of the Punjab was disallowed by His Excellency the Governor General, Mr. Sinha, as a protest against the disallowance of Mr. Sastri's Resolution, did not move this particular Resolution about the North-West Frontier Province. We find, Sir, that the Resolution of Mr. Sinha gave expression to the dissatisfaction against the general administration of the North-West Frontier Province.

Coming now to our own Assembly, we find that a Resolution was moved by my Honourable friend, Dr. Nand Lal, about the raids in the North-West Frontier Province and he wanted that a Committee be formed in order to investigate this matter. Dr. Nand Lal went into details and made allegations as regards these raids, which unfortunately are too frequent in that unfortunate province, and if I am not mistaken—I hope the Honourable the Law Member will correct me if I am mistaken—in the reply that was given on behalf of Government by the Honourable the Law Member, the statements of fact that were made by Dr. Nand Lal were not challenged. The position of the Government was that having regard to the negotiations that are going on at the present moment, it is not advisable to form a Committee to go into the subject-matter of the Resolution of Dr. Nand Lal. Again, Sir, we find . .

The Honourable Dr. T. B. Sapru: I rise to a point of order, Sir. My learned friend is not correct and I do not accept this statement.

Munshi Iswar Saran: Will the Honourable the Law Member do me the favour of speaking up ?

The Honourable Dr. T. B. Sapru : I rise to a point of order, Sir, when my Honourable friend says that those statements were not challenged, he is not strictly accurate.

Munshi Iswar Saran : That was my impression. I am sorry that I did not quite appreciate the force and the significance of the reply that was given by the Government on that occasion. But that is how it struck me. I am grateful that the Honourable the Law Member has corrected me.

Then we find, Sir, that there appeared an article in the *Tribune* of Lahore, an important paper in the province of the Punjab, where it was stated that 'there has been practically a steady increase of crime in the Frontier Province since the partition of the Punjab' and that 'there was greater security of life and property when the Frontier Province was part of the Punjab than there is now'. Mr. Sinha put a question about this particular statement contained in the article in the *Tribune* of Lahore, and I do not wish to give the Honourable the Law Member the chance of correcting me again, for I could not very well hear the answer that was given by the Honourable Member on behalf of Government. So, I do not know whether in this particular instance the Government accepted the statement contained in this article of the *Tribune* or denied it.

The Honourable Dr. T. B Sapru: I rise again to a point of order, Sir. The Government this morning affirmatively denied the statement in the *Tribune*.

Munshi Iswar Saran: I could not hear him. So, in view of all these facts, Sir, I submit that there is dissatisfaction with the general administration of the North-West Frontier Province.

When you leave this part of the case and come to see how the recruitment of officers takes place in the North-West Frontier Province, I think you will agree with me that the system of recruitment is open to serious objection. We find, Sir, I have collected my information from the Quarterly List of Civil Officers serving in the North-West Frontier Province corrected up to the 1st of October 1920—I shall be glad if my Honourable friend will correct me if I make any mistake—that there are 37 European Officers of the Political Department of the Government of India serving in the North-West Frontier Province, and they belong both to the Indian Civil Service and to the Indian Army. Now, when you come to analyse these, what do you find? Two of these are Judges, one is a Divisional and Sessions Judge at Peshawar and the other is an Additional Divisional and Sessions Judge at Peshawar. 4 are Deputy Commissioners. 3 of these Deputy Commissioners belong to the Indian Army and one is a member of the Indian Civil Service. 4 are Assistant Commissioners, 2 of the Army and 2 of the Indian Civil Service. One Indian Army Officer is the City Magistrate at Peshawar.

Sir, even the Census Superintendent is an officer of the Indian Army The Secretary and Assistant Secretary to the Chief Commissioner are the officers of the Foreign and Political Department. When you look at the list of officers in the Secretariat, you will find that there is not a single Indian in the Secretariat holding any of the most important offices. What is more significant is, that in the Police Department there is not a single Indian who is a Superintendent of Police or even an Assistant Superintendent of Police. There are 15 permanent and officiating appointments of Superintendent of Police and not one Indian is there. There are 5 Assistant Superintendents of Police, and there is not one Indian there, and I find from that list that five posts are kept vacant and have not been filled up. As far as the question of Indians and the Foreign and Political Department is concerned, it is, I am afraid, not open to me, in connection with this debate, to discuss the depth, strength and intensity of feeling that exists about the practical exclusion of Indians from the Foreign and Political Services in this country. What I submit here is, that the system of taking our judges, additional judges, additional sessions judges, city magistrates, assistant commissioners, from the Foreign and Political Department is open to grave objection. We Indians are practically excluded from the Foreign and Political Department and this Department supplies most of the highest officials in the North-West Frontier Province. Little wonder then, that there is so much dissatisfaction with the general administration of the North-West Frontier Province. I submit, Sir, that every Indian feels it, and it is for this reason that I have brought forward this motion, to bring this fact prominently before the attention of this House in the hope that something might be done to remove the legitimate grievances of the people.

As regards the remedy,—I should hesitate to express any definite opinion—it may be that the remedy lies in making the North-West Frontier Province a part of the Punjab, or it may not be so. But I venture to submit with great respect, that there cannot be much doubt that there is a dissatisfaction as regards the general administration of this Province. As regards the recruitment of officers, I am positive that there is a strong feeling that Indians, as such, are excluded from practically all higher posts in that province.

Before I sit down—I do not wish to make a long speech—I desire to remind the Honourable Members of the Declaration of August 1917, where Mr. Montagu speaks of *increasing* association of Indians *in every branch of the administration*. Sir, I submit, that unless some very satisfactory explanation is forthcoming, the House will be justified, it may be reluctantly, in coming to the conclusion that no effort has been made, in the North-West Frontier Province, to carry out the policy laid down in that announcement of August 1917. Surely it should not take from 1917 to 1920, to make deliberations or hold an inquiry to find out the causes. I submit, Sir, looked at from any point of view it is very difficult to uphold the system of recruitment of these officers as it prevails at present in the North-West Frontier Province. It

is with the object of drawing the attention of the House to this question that I have moved this proposition, and I do venture to hope that this House will make it perfectly clear as to what it thinks about the practical exclusion of Indians from the highest branches of the administration in the North-West Frontier Province.

Mr. Sachchidananda Sinha : Sir, I rise to support the motion of Mr. Iswar Saran that the amount of Rs. 20,000 be reduced from the provision for the North-West Frontier Province, with a view to convey to the Government our sense of profound dissatisfaction with the administration of that province. Sir, I have taken some interest in the affairs of that province for many years past, and from time to time, I have been trying to elicit information which the Government have been, in the first place, loath to give, and in the second place, when they gave the information, it did not redound to their credit. The number of raids which have been committed in that province by the trans-frontier tribes has been nothing short of a scandal. When I agitated the matter many years back, Sir Henry McMahon, who was then Foreign Secretary, declared that as the Hindus in that province formed a rich community, they offered great temptation to the frontier tribes, and so long as they continued to be so, Government would not be in a position to do much to save them from these raids—to which I felt justified in putting the supplementary question, whether the Government proposed to do anything to reduce the wealth of the Hindus so as to make them immune from these raids.

Last year, after a full consideration, I tried to bring up a Resolution here thatt he Frontier Province be abolished and the districts be merged into the Punjab. For reasons which my learned friend, Mr. Iswar Saran, has explained, it could not be moved, but I would not be surprised if, some time later, I or some other Member brings it up in the form of a regular Resolution, as a matter of general public interest.

Here, on this particular occasion, Mr. Iswar Saran has drawn attention to the fact, that in the first place, crime has been on the increase since the province was formed, and that security of life and property has diminished—these are the allegations made by a responsible paper, the *Tribune*. I embodied this statement in the paper in the form of a question and gave the Government this morning a chance either to challenge their accuracy or to deny them. The Honourable the Law Member, who for reasons unknown to me, is in charge of the Foreign Department of the Government of India at the present time, gave some reply which I myself could not hear. He spoke in such soft dulcet tones that I could not catch his words, though I was sitting close to him, and I am not surprised that Mr. Iswar Saran did not hear him at all. He says now that he challenged the statements of the *Tribune* on behalf of the Government. It is all very nice to challenge their accuracy, but that does not satisfy me. I gave Government a further chance by asking whether, if the statements in the *Tribune* be incorrect, the Government would be pleased to lay on the table a statement showing the number of offences committed in the districts now constituting the Frontier Province and also border raids, and offences committed in the course of raids, for ten years previous to the formation of the province and since. If the Government had laid the figures on the table and the figures showed that as a matter of fact, the number of crimes and raids had diminished, I might have agreed with the Honourable Law Member and held, that as a matter of fact, his challenge and denial were justified. But in the absence of the figures, which the Government have declined to lay on the table on some ground or other, I am not prepared to accept his assurances without any basis for them.

My friend, Mr. Iswar Saran, has also drawn attention to the fact that in this particular province, Indians are practically excluded from all the higher Public Services. That is a very erious matter and deserves careful consideration.

I do not think I will be justified in detaining this Assembly at this late hour, but I must say that I am strongly of opinion that as a mark of our dissatisfaction we shall be perfectly justified in voting against the motion that the whole of the amount submitted to us be sanctioned, and I think the Government should know that our feeling is so strong that as an indication of it, we propose that Rs. 20,000 be omitted from the Budget.

Dr. Nand Lal: Sir, it was my humble self who on 2nd March raised his humble voice and I believe all Honourable Members were sympathetic with my humble self, but the Honourable Law Member, in his usual eloquent speech, gave some reasons which were accepted by a majority of this House and the unfortunate Resolution met a fate which it ought not to have met.

Let us examine the circumstances and the conditions of the Frontier Province from a logical point of view. Discussing everything with reference to logical canons, is it not a fact that there have been raids constantly ? Is it not a fact that a good many women were abducted ? Is it not a fact that a good many children were kidnapped ? Is it not a fact that there were a number of murders after murders from day to day ? Is it not a fact that a number of men residing in that unfortunate province were reduced to proverty simply on account of the diabolical acts of these raiders ? Is it not a fact that a number of families were ruined on account of their depredations ? Is it not a fact that the Government could not put a stop to these raids ? These are all facts. Can the Honourable the Law Member challenge the correctness of these facts ? I ventured to narrate the instances, quoting year, place, district and village, and in some instances, I took the opportunity of giving the names even. So far as I can recollect, I am open to correction no doubt, the Honourable the Law Member did not say in so many words that the accurate account which was given in that humble speech

was incorrect. If I am proud of anything, I am proud of my memory, and that memory encourages me to say that the account given by my humble self was not taken as incorrect. In any case it was not disputed. Now the facts are there and it is difficult for our kind Government to dispute the correctness thereof. Is it too much for the Honourable Mover, who has been touched with sympathy with these poor people, to urge upon the Government that this demand which is being made is excessive and this sum of Rs. 3,20,000 which is claimed should be denied? Why should we allow this sum for this sort of administration? The people are being murdered and killed. They are being reduced to poverty. Depredation after depredation, ravage after ravage and no remedy! We shall be privy to that by allowing this sum. I think we will be deemed to be participators in that crime by allowing this sum. I am in full agreement with the Honourable Mover who has very kindly taken it upon himself to move this motion before the House. This province is very grateful to Mr. Sinha who has on various occasions sympathised with these unfortunate people. Now this province has got to thank the Honourable Mover who has moved his motion before this House and the province entertains a very strong hope that all Members of this Honourable Assembly will be in full sympathy with this motion for reduction. Therefore, with these few words, considering the value of the time of this Honourable Assembly, I support this Resolution very strongly. I am sorry if I gave the impression as that I was going to finish, but the fact is, that I want to add a few remarks. What was the policy which prompted the Government to separate the North-West Frontier from the Punjab? Well, I have not been able to lay my hand on any literature which may encourage me to say that there was any particular reason for doing so. I am in the dark about it. However, whatever that policy was, the question naturally arises whether that policy has succeeded, and if it has succeeded, to what extent it has. If that policy has failed, then my submission before this House is, that this House should urge upon the Government that this separation which was then effected owing to certain conditions has not proved a success. Therefore, this separation should be abolished and the Frontier Province should be amalgamated with the Punjab and this amalgamation will save us money. Why should we spend extra money in the payment of a certain amount of money to certain officials who are specially appointed on account of the fact that this province is separate from the Punjab. We have got our own Lahore High Court. Why should there be a Judicial Commissioner and why should there be a separate office? Why should there be a Chief Commissioner? Why should we undergo all these unnecessary expenses? We would have been very glad to pay them had we got some benefit for it, but when we examine the so-called benefit, we are forced to say that it is nothing. Then shall we be called wise men if we shall allow this demand. If we desire to be called good business men, then we should be in favour of this motion for retrenchment. So far as the complaint in regard to the distribution of appointments to the officials is concerned, I am in full agreement with my learned friend, the Mover. There ought to be a larger Indian element. We here find that the majority of the officials are from the Military Department. What justice can we expect from them? There should be a greater Indian element so far as the judicial is line concerned, and so far as the administrative line is concerned. None of the members of the Bar at Peshawar have been taken. Is it not peculiar? In other High Courts and other courts which are considered Courts of Judicial Commissioners, we find, that in some cases, the judiciary is recruited from the Bar. This province, *viz.*, the North-West Frontier Province, is the only province where we find that this recruitment is practically denied to the members of the Bar. What is the cause? No cause. The cause is known best to the officers who claim to administer justice there. On all these grounds, I support this motion for retrenchment which speaks for itself, and I strongly submit before this House that they will be in favour of this retrenchment.

The Council then adjourned for Lunch till Ten Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Ten Minutes to Three of the Clock. The Honourable the President was in the Chair.

Sir P. S. Sivaswamy Aiyer: Sir, I wish to intervene at this stage of the debate on this question with the object of eliciting some information from the Honourable Member of the Government who is going to reply upon this motion. If the facts stated by the Honourable Mr. Iswar Saran are correct, they certainly seem to merit the sympathetic consideration of the Government. He complains that almost all the higher offices are shut out against Indians, and that in the Foreign and Political Department no Indians are allowed. That is a complaint which, I would respectfully submit, deserves the consideration of Government; and I would also ask the Government to deal with the motion in a broad-minded way, not confining themselves to finical criticisms of the accuracy of the figures which have been furnished by my Honourable friend, but in a liberal and sympathetic spirit.

There are one or two points on which I should like to have some explanation. I do not know what precisely were the reasons which led to the separation of the North-West Frontier Province from the Punjab. It may be, that the unsettled state of the Frontier required an exceptional machinery of administration in certain parts of the North-West Frontier Province, but I do not know whether the whole of the North-West Frontier Province, as it has now been formed, presents any such anomalous features as to call for a special machinery or special method of administration. The facts stated by Dr. Nand Lal and the figures furnished

in answer to some of his questions by the Government with regard to crimes in the North-West Frontier Province do not show that there has been any advantage to the province in regard to immunity from crimes of violence or in the matter of security. I should be glad to know whether any special advantages have followed the substitution of this special machinery for the ordinary machinery by which the North-West Frontier Province was governed during the days when it was under the Punjab Government. Have there been any special advantages following the introduction of this machinery? I am quite prepared to believe that by the constitution of a separate province more attention may perhaps be now paid to the wants of the people of that province; but the same amount of attention to their wants can be secured by the adoption of the very same civil machinery that exists in the Punjab. Has there, or has there not, been any advantage in the substitution of this, what I might call, abnormal, machinery for the usual machinery which was applicable to the province during the days when it remained under the Punjab Government?

Rai Bahadur Pandit J. L. Bhargava: Sir, I strongly support the motion now before the Assembly, not on account of the amount sought to be reduced but on account of the principle of great and vital importance which is involved in connection with it. It is really shocking to find, that very little effect, if at all, has been given to the authoritative announcement of August 1917 so far as the services in the Foreign and Political Department are concerned, though full 3½ years have elapsed since that announcement was made. The natural corollary of this omission has been, as was pointed out by the Honourable Mover, that very few Indians are found holding responsible posts in the North-West Frontier Province. This exclusion of Indians appears to me to be deliberate. I make bold to say that this un satisfactory state of affairs is to be much deprecated, and the sooner it is improved the better it will be for the Empire, the Government and people at large. If Indians are given their fair and proportionate share in the Foreign and Political Department, and thus given an opportunity of holding posts of responsibility in the North-West Frontier Province, one of the chief causes of dissatisfaction will be removed and good-will and harmony will prevail which will materially conduce to the public welfare.

The Honourable Dr. T. B. Sapru: Sir, it will be within the recollection of this House that only a few weeks ago, a debate was raised by my Honourable friend, Dr. Nand Lal, over the question of the Frontier raids; and it will also be within the recollection of this House that as a result of the debate the Resolution which he moved before this House was defeated. I do not in the slightest degree take exception to this opportunity having been availed of by my Honourable friend, Mr. Iswar Saran, and his enthusiastic supporter, Mr. Sinha, for raising this question over again before this House. So far as the question of raids is concerned, I do not think I can usefully add anything to what I said on the last occasion. The House will no doubt remember that I pointed out on that occasion that during the last few years, Government have taken serious steps to reduce, as far as possible, the frequency and the severity of these raids and I also indicated in the course of my speech, various steps which had been taken in that behalf. For instance, it will be within the recollection of the House that I pointed out that arms had been distributed among the villagers on a much larger scale, that the constabulary had been strengthened and that resort was being had much more frequently to motor transport so as to deal with a situation which arose quickly and suddenly at certain places on the frontier. It would be difficult for any one to lay down a hard and fast formula for dealing with these raids, because the conditions, as is well known to those who are acquainted with the North-West Frontier, vary from point to point. The Government are fully aware of the strong feeling that exists on the subject, and let me assure the House with absolute sincerity that the Government are in entire sympathy with that feeling; and it is not as if the sympathy of the Government begins and ends with a mere profession; they have been taking steps, they are taking steps, and they are determined to take further steps for the protection of their own subjects against these raiders from across the border. If, unfortunately, these raids have been a little more frequent during the last twenty months, it is quite obvious that it is due to the after-math of the war. I pointed out on the last occasion that important negotiations were pending at the present moment in Kabul, and that we expect that the situation would considerably alter for the better as soon as those negotiations were over, and that it would be extremely imprudent for this House to take any steps which might introduce any unnecessary complications. So far, therefore, as the question of raids is concerned, I do not think that those who want to prevent these raids or to provide any effective remedy against these raids will be helping their case by reducing the grant. On the contrary, it seems to me they may defeat the very object they have in view. It seems to me, that probably the main reason which my Honourable friend, Mr. Iswar Saran, had in view in raising this debate, was a question of principle; and that was, that in his opinion it was unjust and unfair that Indians as a body should be excluded from foreign and political service. Now, so far as that is concerned, I have two replies to give. In the first place, I am surprised that my friend, whose utterances are generally characterised by accuracy, should have been so inaccurate and put this case so high as that. I shall rely upon the very document on which he relied, the Civil List of the North-West Frontier Province, corrected up to the 1st October 1920; and if any Honourable Member will care to turn to page 5 of that book, he will find, that there is one Divisional Judge there, namely, Khan Bahadur Muhammad Abdul Karim Khan; there are at least, four Indian District Judges there. Then, my Honourable friend said, 'Oh! But look

at the Police Department. There is not a single Indian there occupying the position of Superintendent or Deputy Superintendent . . .'

Munshi Iswar Saran: Assistant Superintendent.

The Honourable Dr. T. B. Sapru: Now allow me to point out that this is not so. If you will only turn to page 49 of this same book, you will find, that the Superintendent of Police of Kohat is a gentleman of the name of Talia Muhammad Rana, and the Deputy Superintendent of the same district is Khan Sahib Muhammad Amir Khan Arbab. So, strictly speaking, my Honourable friend's statement with regard to the exclusion of Indians from the higher appointments in the North-West Frontier Province was not quite accurate. Apart from that, if you will only care to study this book carefully, as I have been studying it, you will find that there are a number of Indians occupying the position of Revenue Assistants, Judicial Extra Assistant Commissioners, Assistant Political Officers, Temporary Judicial Extra Assistant Commissioners, Treasury Officers, Officers on Special Duty, and so on; I have not actually calculated their number, but the whole page is full of them except for two or four European names. I would also venture to point out, that even in the Secretariat of the North-West Frontier Province, you have an Indian gentleman occupying the position of Assistant Financial Secretary—I am referring to Bhai Sunder Singh. I am only referring to these things with a view to point out, that the impression created on the mind of the House by my Honourable friend's speech ought not to go unchallenged. At the same time, I am willing to confess—though unfortunately my Honourable friend did not put this case that way—that it is true, that so far as other branches of the political service are concerned, for instance, the appointments of residents and assistant residents, agents or assistant agents, my Honourable friend may have a legitimate grievance. With regard to that I am authorised to state on behalf of Government, that the principle of taking Indians into those higher appointments in the Political and Foreign service has been conceded by the Government and that a scheme is being prepared which, when it is ready, will, I venture to think, afford every satisfaction to this House and to the outside public. I do not wish to go into the details of that scheme because we are not yet ready with the scheme, but the Assembly may take it from me that so far as the principle is concerned, it has been amply conceded, and my Honourable friends need have no apprehension with regard to that matter. I hope, therefore, that I have succeeded in showing that whatever might have been the position of Indians with regard to the Foreign and Political Department in the past, the position that is going to be assigned to them in the future would be commensurate with the reasonable aspirations and ambitions of my countrymen. I therefore do not wish to elaborate this point any further.

Now, there are just one or two other points to which I would invite the attention of the House.

Now, my Honourable friend, Mr. Sinha, and the Mover himself, referred to a question which was put to this House and which I had the honour of replying. I do not blame them, perhaps I am more to blame, if my Honourable friend, Mr. Sinha, who sits close by me and my Honourable friend, Mr. Iswar Saran, did not hear me when answering that question this morning. Well, if they did not hear me, then, I hope, they will allow me to read out that answer to them now, and that is my answer to that part of the criticism which was levelled by my Honourable friend, Mr. Sinha Referring to a certain article in the *Tribune* and without specifying any particular items to which Mr. Sinha might have invited the attention of the Government, he asked whether it was correct, as was alleged in the *Tribune* of Lahore, that there has been practically a steady increase of crime in the Frontier Province since the partition of the Punjab, and that there was greater security of life and property when the Frontier Province was part of the Punjab than there is now. The answer that I gave this morning was as follows :

'Government believe the reverse to be the case. The Honourable Member will no doubt appreciate that the conditions during the last twenty months have been abnormal owing to the after-math of frontier troubles set up by the Afghan war.'

Then the second part of my answer was :

'As the statistics for the ten years previous to the formation of the North-West Frontier Province are not available a comparative statement, cannot be furnished.'

It will be observed that the question which my Honourable friend, Mr. Sinha, framed, was based upon an allegation in the *Tribune*, which was to the effect, that there was practically a steady increase of crime in the frontier province since the partition of the Punjab. That the Government are not prepared to accept, in that naked form. Again, it would not be fair to compare the conditions of 20 years back with the conditions that prevail at present, conditions which have been complicated by the frontier war and by the general unrest which prevails throughout the world and which has affected even those regions. Unfortunately, as I pointed out in the course of my reply in the morning, the statistics for the ten years previous to the partition of the North-West Frontier Province are not available, and therefore, so far as the Government are concerned, they have no data on which they can base an affirmative reply All that they can say, however, of the general conditions prevailing in the North-West Frontier Province is, that they believe the reverse to be the case. If my Honourable friend, Mr. Sinha had made a reference to any statistics which were available to him and which were not available to Government, or which were available to the *Tribune*, we might possibly have been able to examine them. But every lawyer knows, and my Honourable friend, Mr. Eardley Norton, will

bear me out, that there is a good deal of ambiguity about the use of the word 'practically.' I will ask the House again to hear the statement in the *Tribune* which said that 'there has been 'practically' a steady increase of crime in the frontier province on the partition of the Punjab'. The case which this paper put, has, to my mind, been considerably weakened by the use of the word 'practically'. Therefore, when you put a case in such ambiguous and vague language, I venture to submit, it is not fair to ask the Government to give an affirmative reply and all that they can say is, that they believe that that is not so or that it is so. In the present case, the Government are persuaded that the statement which has appeared in the *Tribune* has been put too high, and, therefore, they are not prepared to accept it.

Now, so far as my Honourable friend, Dr. Nand Lal, is concerned, without meaning any disrespect to him, I would venture to submit to the House, that while he might have added to the stock of our knowledge on the former occasion, he has not made a substantial contribution to-day by repeating those very things, and, therefore, it is not necessary for me to examine the various statements or allegations which he made this morning.

So far as the general question is concerned, the position that I take on behalf of the Government to-day is exactly the same as I took two weeks ago. But there is only one question which remains for me to answer, and that is a question which was put by my Honourable friend, Sir Sivaswamy Aiyer. He asked me as to why it was that the North West Frontier Province was separated from the Punjab. I think I can best answer his question by referring to an important State document which completely answers this question. Dealing with the question of separation of the North West Frontier Province from the Punjab, it was stated by His Excellency Lord Curzon about that time,—I hope the House will bear with me when I read this paragraph :

'Now in India, foreign affairs—while they embrace many intricate and important questions concerning Native States, and while, in the sphere of external policy, they include our relations with China in Yunan, with Tibet, with Afghanistan, with Muskat, with the Arab tribes in the Aden Protectorate and with the Persian Gulf—in the main arise out of, or are connected with, the Frontier tribes and problems ; whilst, if we take the whole of the land frontiers of India, from the Shan States on the extreme east to the borders of Persian Baluchistan on the extreme west, the most critical, most anxious, and most explosive section of the entire Frontiers is that between the Swat river and the Gumal valley, or precisely the section which is handed over to the Punjab Government. Upon this stretch of boundary, inhabited by the most numerous, fanatical, and turbulent of the Pathan tribes, the Foreign Minister of India, who is also the Viceroy, cannot issue an order, or make an appointment, except through the medium of the Punjab Government ; nay, he cannot—with certain exceptions, hereafter to be noted,—make an appointment at all. The Commissioners and Deputy Commissioners, the Political Officers and Commandants of Border Police, in whose hands rest the entire local responsibility upon the Frontier, are nominated, not by him, but by the Lieutenant Governor. The Chief Secretary to the Punjab Government, who is the principal adviser of the Lieutenant Governor, is selected, without reference to the Viceroy, by the latter. The Viceroy cannot even remove an indifferent or unsuitable official ; since promotion in the Punjab is regulated by the conditions of a service of which not he, but the Lieutenant Governor, is the efficient head. If a debate arises in Parliament as to a Frontier outbreak, or a tribal expedition, it will be the Viceroy, and the Viceroy alone, who will be held accountable. Public opinion censures him for failure, or congratulates him upon success. To a certain extent, public opinion is right ; since, owing to circumstances to which I shall presently allude, the Local Government ventures upon few steps of any importance without reference to the higher authority. But among those who hold up the head of the Government of India to praise or to blame, how many are there who know that he has been working throughout, not through his own agents, but through those of another Government, that at each stage he has required to carry the assent of a subordinate but withal most influential authority, and that in all probability in the early stages (for most Frontier disturbances spring from small beginnings) he has had neither responsibility, knowledge nor information ? I venture to affirm that there is not another country or Government in the world which adopts a system so irrational in theory, so bizarre in practice, as to interpose between its Foreign Minister and his most important sphere of activity, the barrier, not of a subordinate official, but of a subordinate Government, on the mere geographical plea that the latter resides in closer proximity to the scene of action—a plea which itself breaks down when it is remembered that for five months in the year the Supreme and the Local Governments are both located at the same spot, Simla'.

I am sure, that the House will be gratified when I say that a further scheme for giving representation to certain portions of the North-West Frontier Province is under consideration, and when that scheme is ready and promulgated, I am sure there will be every occasion for satisfaction with it. It is not open to me to go into the details of that scheme at the present moment; it is enough for me to say that the Government are giving the utmost possible consideration to the whole question of the administration of the North-West Frontier Province, and if you will only give us some little time, we hope to show that the Government have been very serious about this matter.

There are only one or two more points with which I shall deal before resuming my seat. I am sorry, that I overlooked one fact when I was dealing with the question of the employment of Indians in the North-West Frontier Province and perhaps you will allow me now to mention that. Only last year, one Indian from the North-West Frontier Province was sent up for appointment to the Indian Civil Service with the sole object of employing him in the Indian Civil Service. Then, at least one, if not two, Indians, are going to be appointed in the North-West Frontier Province and one in Baluchistan in the Police Department as Assistant Superintendents of Police. So, I venture to hope that the House will feel that the Government has not been stationary so far as this matter is concerned.

Now there is only one other point to which I will refer and that is the condition of the North-West Frontier Province in regard to Education. It might be useful to point out that since 1901-02 the number of pupils of schools in the Punjab has increased by 131·3 per cent. while in the North-West Frontier Province the increase is 215·4 per cent. These figures take

you up to 1916-17. It will also be interesting to the House to know the percentage of increase in expenditure from the provincial revenues upon education; taking 1911-12 and 1916-17, it is as follows:

Punjab 36·4 per cent.

North-West Frontier Province 191·9 per cent.

So that as far as the educational side of the Province is concerned, I am sure it will be recognised—as it is recognised by everyone interested in education - that the North-West Frontier Province has made considerable strides in regard to education, and it is a factor in the administration of the Province which cannot possibly be ignored, or minimised. I may also state that in the North-West Frontier Province the vernacular education, both primary and middle, is absolutely free. It will thus seem that, so far as the Government are concerned, they have taken the most anxious steps they could in the circumstances existing there. It is perfectly true, that there is a great deal more to be done for the security of our countrymen there; but let me assure you that the Government are fully alive to their responsibility in this matter and are anxious to do what they can with the co-operation of all concerned. It will be within the recollection of this House that on the last occasion when I replied to Dr. Nand Lal, I made a very good offer which was rejected with scorn, and it was criticised as being something in the nature of a Machiavellian design. Now, let me assure the House, it was a most sincere offer and if my friends who are interested in the question of the North-West Frontier Province will again accept that offer, it is there. We are willing to take you into our confidence and to place all our cards on the table and to tell you what steps have been taken and what steps we propose to take for the protection of Indians there. Therefore, I would put it to the House, assuming that the object is that greater protection should be afforded to Indians in the North-West Frontier Province, are you serving that objection by reducing the grant or are you defeating that object? It is not a question of defeating the grant; it is really a question of making the administration more efficient. Therefore, so far from serving that object, I venture to think, that you are defeating it. I will only venture to submit that the whole problem of the North-West Frontier Province is a problem of a financial character. So far from our having spent much money—as is supposed in certain quarters—I venture to think, that if we were to spend a little more we might possibly bring disturbing factors more effectively under control and it is therefore for the House to consider whether it will accept the motion of my Honourable friend, Mr. Iswar Saran, in the interests of Indians there, or whether it will reject it. I venture to hope, it will reject it.

Munshi Iswar Saran: Sir, if the House will allow me, I shall make an amendment. What I beg to propose is, that the provision of Rs. 3,20,000 for General Administration be reduced by Rs. 20,000. My object is to concentrate the attention of the House on the question of principle to which I have drawn your attention. I wish, Sir, the House will allow me, to reduce the grant only by Rs. 1,000, so that there may be no doubt with regard to the object I have in view. I do not by any means wish to reduce the amount and to embarrass the administration in the North-West Frontier Province. The House will kindly remember that, at the very outset, I said that my object was not to reduce the grant but to vindicate a principle. If the House will allow me, I will reduce the demand by Rs. 1,000 only.

The Honourable the President: Will the Honourable Member move that as an amendment to Munshi Iswar Saran's motion?

Chaudhuri Shahab-ud-Din: Sir, if the House has no objection, that can be put to it. But I stand to oppose his motion. Therefore, I hope, I may be allowed to have my say. I am against the reduction even of a pie.

The Honourable the President: May I ask if the Honourable Member has leave of the House to withdraw his motion in its original form?

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The motion for reduction then is moved in the amended form:

'That the provision of Rs. 3,20,000 for General Administration be reduced by one thousand rupees.'

Chaudhuri Shahab-ud-Din: Sir, had I addressed this House before its adjournment at about Two O'clock, very possibly I might have supported the Honourable Munshi Iswar Saran. I have given a very careful consideration to the question of principle, in the name of which the debate was opened by the Honourable Member. When the North-West Frontier Province was separated from the Punjab, every thinking man in the land was of opinion that that was a retrograde step. Ever since the commencement of British rule in India, the North-West Frontier Province or the districts comprising that Province, formed part of the Punjab and remained under one and the same administration. But, since 1901, when the separation took place, the administration was also separated and since then, this province has remained under a separate administration. The *prima facie* object of the separation, to all intents and purposes, was to improve the efficiency of the administration of that province and not to place that province under a rule of iron. There were dacoities, there were raids, there were depredations even before the separation was effected, and I must frankly admit, that these raids have not stopped, on the other hand, it is quite possible that they have increased recently. But the question is not whether they have increased. Let us assume for the sake of argument that

they have increased. What are the causes of increase ? Dr. Nand Lal proposed the other day in this House that a special or a select committee of a few Members of this House should be appointed to go from place to place to make an inquiry and ascertain the true causes. I think, every man who knows Yaghistan, *i.e.*, the territory beyond the North-West Frontier Province, knows the causes. That long hill tract extending over a length of about 1,100 miles and ranging in width from 4 to 20 miles does not produce sufficient to maintain the inhabitants of that tract. Thus, poverty is the cause of all these raids. They want food; they want something to eat; their own territory does not yield enough. They are compelled, therefore, to commit the crimes which are attributed to them. I have been to that territory. I have seen a part of it, not the whole of it, not only once but several times. That, to my mind, is the cause. There might be other causes as well, but that is the chief and the main cause. I was opposed to Dr. Nand Lal's Resolution because the causes were known and only the remedy was needed. I presume the Government, with the object of improving the administration of the North-Western Provinces, sought that remedy in the shape of its separation in 1901 from the Punjab and that remedy has been used for so many years. Now, let us see whether that remedy has proved effectual or otherwise. As a Punjabi, I am as much in contact with that province as Dr. Nand Lal or any other Honourable Member who comes from the Punjab. Crime in the North-West Frontier Province has undoubtedly increased of late. But it has increased not only in that province but also increased to a certain extent in the Punjab. I mean crime of a certain kind, such as dacoities. Will Dr. Nand Lal or any other Honourable Member in this House contradict me and say that dacoities and similar offences, which are committed in the North-West Frontier Province, are not now larger in number in the Punjab than before? Economic causes, the consequences of the war, poverty, all these have resulted in the increase of crime. Now, if the Government is directly responsible for the increase of crime, let us certainly vote against Government and suggest some other remedy. But I for one do not think that it is the separation of the North-Western Provinces from the Punjab that has given rise to the present condition. It is due to other causes. If the Government have failed in administering the province efficiently, then, of course, we must vote against Government. But the Government, so far as I know, have been doing, and are doing, their very best. I am not one of those who in season and out of season attack Government solely because they are the Government. Let us be fair to Government. Government are administering the province to the best of their ability. The administration is there. If the complaint is that the Indian element can administer that province better than the European element, that is a definite complaint. Let it be put forward as such and let the Government meet it. If I am not mistaken, one of the highest men in that province, if I remember his name rightly, is Sir Abdul Qayum Khan. He is one of the topmost men in the province and is in the Political Department. I remember only his name, as I happen to know him personally. If Honourable Members were to see that province, they will change their opinion—especially if they see the trans-Frontier Province, that is, the tract beyond the North-West Frontier Province. The inhabitants of that tract do not care for A, B or C. They care either for money or for the bullet. They care for nothing else. Either give them money or give them the bullet. That is the only remedy if you want peace and safety. I do not think there is anything intermediate between these two. So it is with a high hand that the Government have to administer that province. We should not discuss this very serious subject lightly. We should accept the offer which has been made by the Honourable Dr. Sapru of a round table conference. The matter is a serious one. Once I also was of opinion that that province should be amalgamated with the Punjab. But my opinion has changed. Will amalgamation remove the serious condition of crime in that province? I for one do not think so. Opinions differ. I hold one opinion. Dr. Nand Lal holds another. I may be wrong, but the future will prove whether I am wrong or he is wrong. With these remarks, I support the grant as it is, and oppose the amendment made by the Honourable Mr. Iswar Saran.

Khan Bahadur Sarfaraz Hussain Khan: When I heard my Honourable Colleague, Mr. Iswar Saran, and my Honourable friend, Mr. Sinha, on the question of Indianisation of services in the Frontier Province, I felt inclined to support them. But having heard the Honourable the Law Member and my Honourable friend, Mr. Chaudhuri Shahab-ud-Din, I am positively of opinion that this amendment should not be accepted. What I say is, that even if this deduction be made, it would not serve any useful purpose. The point for consideration now is, not whether the North-West Frontier Province should be amalgamated with the Punjab or the Government services should be more Indianised there, but whether this demand should be deducted or reduced by any amount, and whether the deduction of 2,000, or 5,000 or 6,000 rupees, or any other amount will minimise the chances of raids, abduction, etc. If that be not the case, what is the use of deduction? Have we come here simply to criticise and make deductions? That should never be. We should criticise Government when there is room for criticism; but should co-operate with it where there is necessity for co-operation. I, therefore, strongly oppose this reduction, and am of opinion that there should be no deduction.

Sardar Bahadur Gajjan Singh: Sir, I rise to oppose the reduction in the demand. There is absolutely no doubt that the problem is very very difficult. There are special circumstances which have been detailed by the Honourable Dr. Sapru. We have been hearing of these raids for a very long time and Government has already been doing their utmost

to stop them. I have no doubt that Dr. Nand Lal missed a golden opportunity of discussing this matter at a round table conference as is suggested by the Honourable Law Member. I strongly advise the Mover of this Resolution again to accept the offer and discuss the matter there. We can all offer suggestions of improvement and then see what the Government does. It will again be open to us to move any Resolution condemning the administration of the North-West Frontier Province. But as long as the Government is prepared to do everything in their power to put a stop to these things, I think, we should not harass them or put difficulties in their way. We should strengthen the hands of Government as far as we can. I am strongly of opinion that in politics there is nothing better than compromise. Let us discuss the matter with the Honourable Law Member and the Commander-in-Chief, and then let us see what the Members of Government do to remove the complaints. It appears from the speech of the Honourable Dr. Sapru that the Government of India are more anxious than ourselves to remove the grievances of our fellow country-men in the North-West Frontier Province, but the question is, as I have said, difficult. Let us try to compromise again, and disallow this motion.

Mr. N. M. Joshi: I propose, Sir, that the question be now put.

The Honourable the President: The question is:

'That the question now be put.'

The motion was adopted.

Munshi Iswar Saran: May I have a right of reply ?

The Honourable the President: The debate has gone on at some length, and I think the subject has been pretty well discussed.

Munshi Iswar Saran: I beg you to give me an opportunity of replying particularly in view of the importance of the question that has been raised.

The Honourable the President: The Honourable Member will have a further opportunity, if he wishes to exercise his right, when the main question is put.

(Munshi Iswar Saran again stood up in his place.)

I may point out to the Honourable Member that as the debate was drawing to an end, I did not see him rise in his place.

Munshi Iswar Saran: I shall be sorry to contradict you, but I was standing before the gentleman, who proposed that the question be put, stood up.

The Honourable the President: I did not observe the Honourable Member rise.

The Honourable the President: The question is:

'That the provision of Rs. 3,20,000 for General Administration be reduced by Rs. 1,000.'

The motion was negatived.

Munshi Iswar Saran: Having regard to the fate that my first motion has met with, I think, not as a matter of compromise or surrender, but on the principle that prudence is the better part of valour, I withdraw my amendment.

The Honourable the President: Does that apply to both the amendments for reduction ?

Munshi Iswar Saran: It applies only to item No. 6.*

The motion was, by leave of the Assembly, withdrawn.

Munshi Iswar Saran: Sir, I had put down motion No. 7† only with the object of seeking a little information. I find from the Report of the Indian Jails Committee which has been issued to us that there is no convict settlement in the North-West Frontier Province. Now I see there is provision for jails and convict settlements. I just wish to know, if there is no convict settlement there, why is it that we are asked to grant the demand for jails and convict settlements ?

The Honourable Mr. W. M. Hailey: I can give the information; it is practically an accounts matter. 'Jails and Convict Settlements' is the accounts head under which we put all expenditure on jails and on convict settlements. The only expenditure in the North-West Frontier Province is that on jails, and the 'Convict Settlements' are only added because this is the correct title of the account heading.

Munshi Iswar Saran: May I take it, Sir, that the Report is quite correct in saying that there is no convict settlement in the North-West Frontier Province ?

*No. 6.—'That the provision of Rs. 7,35,000 for 'Administration of Justice' be reduced by Rs. 30,000.'

†No. 7.—'That the provision of Rs. 5,15,000 for 'Jails and Convict Settlements' be reduced by Rs. 50,000.'

The Honourable Mr. W. M. Hailey: Quite so.

Munshi Iswar Saran: Having got this information, I do not wish to press this motion, but with your permission, I would take one or two observations and they are these. I do not know, Sir, if many Members of this House have had an opportunity of studying this bulky report of the Indian Jails Committee which was sent on to us by the Home Department only a few days ago.

The Honourable the President: If the Honourable Member wishes to discuss them, he had better move his motion for reduction.

Munshi Iswar Saran: I move :

'That the provision of Rs. 5,15,000 for Jails and Convict Settlements be reduced by Rs. 50,000;'

As far as this report is concerned, Sir, I venture to think that it is a strong censure of the jail administration throughout India including the North-West Frontier Province. If we turn to page 31 of this Report, this is what we find :

'It is certain that Indian prison administration has somewhat lagged behind on the reformative side of prison work.

'It has failed so far to regard the prisoner as an individual and has conceived of him rather as a unit in the jail administrative machinery. It has a little lost sight of the effect which humanising and civilising influences might have had on the mind of the individual prisoner, and has fixed its attention on his material welfare, his diet, health and labour. Little attention has been paid to the possibility of moral or intellectual improvement. In consequence, while the results of the Indian prison treatment are admitted generally to be deterrent, they are not generally regarded as reformatory. Witness after witness from almost every province in India, has with singular unanimity, declared that Indian Jails do not exercise a good or healthy influence on their inmates, that they tend to harden, if not to degrade, and that most men come out of prison worse than they went in.'

The Honourable the President: The general question regarding the administration of jails in India ought to have been taken up under Demand No. 17, when it was put as a specific proposal. In this case, the Honourable Member is bringing in by a side wind a question which affects the general administration of India and not simply the administration of the North-West Frontier Province. If he will confine his remarks to anything the Report has to say about the North-West Frontier Province, he will be in order, but to roam generally, over the question of the administration of Indian Jails, is not in order.

Munshi Iswar Saran: If your ruling is that I am not to discuss upon all those conditions which apply equally to the jails in the North-West Frontier Province in common with the jails in other parts of the country, in that case, I shall not press this motion. If that be your ruling, I shall bow to it.

The Honourable Sir William Vincent: I should be glad of the opportunity of making a statement of the policy of Government in regard to this Jail Commission's Report, if the Honourable Member is in order in moving this motion. I have no objection whatever to his doing so.

The Honourable the President: What I put to the Honourable Member was that the proper occasion for raising any question of principle involved in the administration of Indian jails was under Demand No. 17, a vote which is in charge of the Home Department. In this case, he is trying to introduce a general subject under a particular heading, and that is what I rule as not being in order. I added as a rider to my ruling, that if the Honourable Member finds an application of the principles of that Report to the specific circumstances of the North-West Frontier Province, then he is in order.

Munshi Iswar Saran: In view of your ruling, Sir, I need not press my motion; I withdraw it.

The motion was, by leave of the Assembly, withdrawn.

Babu J. N. Mukherjea: Sir, I venture to place this motion before the House because the question of the North-West Frontier Province has been before the public for some time. My motion does not relate to the wider question which has been just discussed, but to a part of that question and it is :

'That the demand under sub-head forest timber (page 246) amounting to Rs. 3,72,405 under head forest timber be reduced by Rs. 72, 405.'

Now, Sir, my point is that we all here, all Members of this House equally with myself, are labouring under a disadvantage which the Budget in the form in which it has been presented has given rise to, namely, that it is not a balanced account. Certain demands are made for purposes of expenditure, but we do not know in such cases whether the outlay is productive or not, and how much of it is expected to yield or return; if so, to what extent. In the present case, there has been a large increase in the Budget of about a lakh and a quarter upon the figure for the last year.

The last revised estimate under this sub-head was Rs. 2,47,000 and the proposed Budget estimate is Rs. 3,72,000 which gives an increase of a lakh and a quarter, for which however no explanation is to be found.

Now what strikes an outsider is this, that arrangements might have been locally made to ensure the removal of the timber cut from the forests, without any expenditure on the

part of Government. Instead of that we find the Government has gone in for a large outlay of money for such removal. Then, we do not find anything as regards the sale of the timber cut. Therefore, I want to know, Sir, under what policy and with what expectations Government has been led to increase the expenses under this head from Rs. 2,47,000 to Rs. 3,72,405. It is certainly a striking increase but involves a very simple question to answer. It does not touch any consideration or the larger questions that have been discussed to-day.

The Honourable Mr. W. M. Hailey: Perhaps, Sir, it would be a sufficient answer to the Honourable Member if I gave the exact figures of what we expect to get from the Forests in the North-West Frontier Province. In the revised estimate last year, we were to spend Rs. 4,50,000 and get Rs. 3,50,000; but partly owing to the change of system to which the Honourable Member refers, we are expecting in the coming year to spend Rs. 6,98,000 and to receive Rs. 8,02,000. It is, therefore, hoped that the increase of expenditure will be accompanied by a very considerable increase in revenue also.

Babu J. N. Mukherjea: Under these circumstances, Sir, I have no wish to proceed with my amendment, and I beg leave to withdraw it.

The motion was, by leave of the Assembly, withdrawn.

Mr. Piyari Lal Misra: Sir, my motion is:

'That the provision of Rs. 67,180 (page 246) be reduced by Rs. 25,000.'

I can easily anticipate the result of this motion, because I thoroughly know the atmosphere with which this House is charged. But I am entitled to some information as to why in the year 1919-20, the figure for buildings was about Rs. 7,900 and now within two years, it has sprung up to Rs. 67,000, that is, 9 times the amount in 1919-20? Then, I don't know for what purpose these buildings are required. It is not clear whether they are required for the habitation of forest officials or for any other purpose, and at the same time, the amount to me appears to be a very heavy one. In 1920-21, the amount was only Rs. 23,000. Now, it is about three times as much. Therefore, Sir, as the reduction I pray for is only Rs. 25,000, there will still be left more than Rs. 40,000 for buildings which may be under construction. I commend the motion to the House.

The Honourable Mr. W. M. Hailey: The expenditure, Sir, of Rs. 67,180 is connected entirely with the measure to which I referred a few minutes ago, namely, the steps which we are taking to bring forest exploitation under our direct management, as I said we thereby expect to receive considerably enhanced profits. It is necessary to put up a certain number of buildings, such as godowns, store-houses and the like, and that expenditure is entirely for that purpose. We may, therefore, regard it as being of a productive nature.

Mr. Piyari Lal Misra: I withdraw my motion, Sir.

The motion was by leave of the Assembly, withdrawn.

Babu J. N. Mukherjea: Sir, the next three items * all belong to the same category. We find that under the first head 'Irrigation' (page 249) there is a very large increase on account of establishment. The revised estimate for 1920-21 amounted to Rs. 3,94,000, and the Budget proposes to put it down for next year at Rs. 6,13,000. This large increase in the establishment charges seems to be rather out of proportion to previous figures. Similar conditions exist with reference to the sub-head house-rent and other allowances (page 260) as also under sub-head clothing; and I should very much like to have an official explanation on these points. The three items in question can be dealt with at once and at the same time and I shall be glad with the leave of President to withdraw them upon the assurance which has been given to this House on behalf of Government.

Sir Sydney Crookshank: Sir, I am very grateful indeed to the Honourable Member who has put forward this motion for having drawn my attention to what is apparently a very great increase in the cost of establishment in connection with capital accounts kept for irrigation works in the North-West Frontier Province. The difference between the figures for the Revised Estimate for 1920-21 and the Budget Estimate for 1921-22 he refers to amounts to a net increase of Rs. 2·19 lakhs. But, I would point out to him, that an increase in the expenditure under capital relieves the revenue account of charges which it would otherwise have to bear; and it has so happened in 192 -21; so that if the Honourable Member would kindly refer to Demand No. 52 at page 359, he will find against the item establishment, North-West Frontier Province, that there has been a decrease from Rs. 2,31,000 to Rs. 95,000, that is to say, a decrease of Rs. 1·39 lakhs under the same headings. An amount of Rs. 1·39 lakhs is, therefore, merely a matter of transfer and of book adjustment. The net difference, however, of Rs. ·8 lakhs, between the figures Rs. 2·1 lakhs excess at page 249 and Rs. 1·39 lakhs decrease at page 359 can be explained by the fact that there have been re-organisations in the Public Works Departments, consequent on the introduction of the provincial service; and that there have been certain increases in the salaries of officers and subordinates, and as I do not think the increase of Rs. ·8 lakh can be altogether justified, I am very glad to have this opportunity to look into the position generally, and see what can be done to effect a reduction. It may be, that the establishment employed has grown older and is receiving more pay in consequence and that

* On the List of Business.

it may be more profitable to employ less senior officers at lower rates of pay for the execution of the irrigation works in the North-West Frontier Province. If, therefore, the Honourable Member will withdraw his motion on the understanding that I will look into the question from the departmental point of view, I hope he will receive the permission of the House to do so.

Babu J. N. Mukherjea: Sir, under the assurance given by the Honourable Member, I beg to withdraw my motion.

Sardar Gulab Singh: I move, Sir:

'That the demand under head North-West Frontier Province be reduced by Rs. 5,00,000.'

Sir, as the Honourable the Law Member has fully explained the position and has dealt with the points that I had in mind, I beg leave to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,43,54,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, for the administration of the North-West Frontier Province.'

Mr. Jamnadas Dwarkadas: Sir, before this item is put to the vote, I shall be obliged if the Honourable the Finance Member will give me some information on the item under the heading 'Demand No. 48, North-West Frontier Province.' At page 238, the expenditure on land revenue amounts to Rs. 11,37,000 while on page 14 of the Memorandum explaining the details of the Estimates I find, that the revenue amounts to Rs. 21,32,000. The revenue is 11 lakhs while the expenditure is 21 lakhs, that is, the expenditure is more than 50 per cent. of the revenue. Will the Honourable the Finance Member be good enough to give some information on this point?

The Honourable Mr. W. M. Hailey: Sir, we charge the head land revenue a great deal more than is merely concerned in the collection of the revenue itself. There are a large number of so-called revenue officials, such as Tashildars, as they would be in the North-West Frontier Province, Extra Assistant Commissioners, and the like, who discharge functions which are of a miscellaneous nature; they include general executive work, and indeed in many cases also of a minor judicial and magisterial work. Their pay however goes down to the head land revenue. That is the explanation why the expenditure appears so heavy a proportion to the land revenue receipts. In fact, I think, I am right in saying that even the Deputy Commissioners in the province are charged to the head land revenue, if not wholly, at least as regards a very considerable proportion of their pay.

Munshi Iswar Saran: Shall I be in order, Sir, if I reply to the observations that were made by the Honourable the Law Member? If I shall not be in order, I shall not speak.

The Honourable the President: The Honourable Member must know quite well that the whole debate is open on the main question.

Munshi Iswar Saran: Sir, I am exceedingly obliged to the Honourable the Law Member for having paid me the compliment that my speeches are generally accurate, but he says that on the present occasion I have been guilty of an inaccuracy. Sir, I am anxious, I must tell the House, that I should not commit inaccuracies. As regards my facts, I am very particular that I should state them with strict accuracy.

The Honourable Law Member says,—here is a Divisional Judge, there are district judges, and so on. In the first place, this House is aware that a Divisional Judge in the North-West Frontier Province is like a District Judge in other provinces, say in Bengal, the United Provinces, Madras or Bombay. A District Judge, as I understand—I speak subject to correction—is like a first class Subordinate Judge. I hope the Honourable Law Member will be pleased to bear in mind the words I used when I moved my Resolution. I said, that as far as the higher posts were concerned, no Indians were found holding them. Now, Sir, as regards the post of the Khan Bahadur who is shown as a Divisional Judge in the Civil List, if the Honourable Law Member will be pleased to refer to the bottom of the page on which his name appears, he will find that that post is reserved for the Political Department and this House will bear in mind that the Foreign and Political Department is practically closed against us Am I then not right, Sir, in saying that this gentleman might have been appointed for some reason quite exceptional, recently or for some temporary period, and exceptions do not prove the rule?

As regards District Judges, yes, there are two or three District Judges, there are Extra Assistant Commissioners, there are Assistant Secretaries, etc. All that I do admit, but the gravamen of my charge is, so far as the *higher* posts were concerned, Indians are not appointed to them. Further, the Honourable Law Member says, 'Oh, look, there is one Superintendent of Police'. Sir, if the Honourable Law Member will kindly refer to the list which is given in that Civil List, under the heading 'Graded list of officers in the Police Department,' I do not think he will find the name of this gentleman there. I may say, that the reason why I did not mention his name was, that it was not to be found in the list of Superintendents. I submit, this is not an inaccuracy; but granting that it is, the real position to which I have invited the attention of this House remains true. As far as the *higher* posts in the North-West Frontier Province are concerned, there are practically no Indians amongst them. The

Honourable Law Member says, 'Oh, we have sent one man from the North-West Frontier Province to qualify for the Indian Civil Service ; this year we may send one or two—' he was not quite sure himself—'one or two men to qualify themselves for the post of Assistant Superintendents of Police.'

The Honourable Dr. T. B. Sapru : I rise to a point of order, Sir. I did not say this year we may send. I said, we have already sent.

Munshi Iswar Saran : I beg your pardon. They have already sent one or two men for the Police Department. What magnificent generosity !

I suppose, on behalf of Government, the Honourable the Law Member expects us to go down on our knees and say 'Oh ! we are filled with gratitude, and admiration for this magnificent generosity of a benevolent Government.' I will tell the Government in clear and emphatic language, that the sending of one man for the Indian Civil Service and one or two for the Police Department is utterly insufficient. If they think, that this will satisfy the growing aspirations of the people, they are sadly mistaken. Sir, this tinkering will not do. One gentleman talks about compromise. Yes, I am sometimes in favour of compromise, but I do make a difference between compromise and surrender. I am against surrender ; but I am for compromise. Where is the reason for compromise when a Member of the Government actually rises and says that one man has been sent to the Indian Civil Service and one or two to the Police Department, and his remark implies that this should satisfy us. If the Honourable Member will look at the list of members in the Foreign and Political Department who are in the public services in the North-West Frontier Province, the injustice against which I am complaining, will become perfectly manifest.

Then, Sir, I was grateful to the Honourable the Law Member when he told the House that the Government were taking steps to take more Indians into the Foreign and Political Services.

The Honourable Dr. T. B. Sapru : May I rise to a point of order, Sir ; what I did say was, that so far as appointments, such as Residents or Assistant Residents were concerned, the Government had conceded the principle. But I want to explain, that it is the usual custom to have District Judges and Divisional Judges of the Foreign and Political Department on the cadre for Political Services. If the Honourable Member will bear that in mind, he will probably not be so eloquent.

Munshi Iswar Saran: Sir, eloquence is a matter of temperament. Moreover, what one man may consider to be a question of a grave character, another man might consider to be of no great consequence. I do submit, that this is a matter of principle—and I submit it most deliberately—that with regard to the admission of Indians into the services of the North-West Frontier Province, a grave injustice has been done to our people against which our people have every right to complain—and complain most bitterly.

Then, Sir, as regards the raids in the North-West Frontier Province, I may at once admit that I have no specific remedies to suggest. My only object is to draw attention to the point. In the speech which the Honourable the Law Member made when my Honourable friend, Dr. Nand Lal, raised this debate, this is what he said. With the permission of the House I will read one or two sentences :

> 'So far as the Government are concerned, they will always welcome any suggestions which would end or materially reduce these frontier raids. We have heard a very harrowing description from Dr. Nand Lal of the raids that have taken place and I am sure that everyone of us, official and non-official, sympathises with the sufferers on the frontier.'

Then he proceeded :

> 'The officers of Government have been doing the best that they possibly could to meet a very awkward situation, and I am sure, that the House will recognise that the Government feel very keenly that their own subjects required every possible protection.'

Then, again, 'If these considerations did not stand in our way'—he was referring to the negotiations that are going on at Kabul—'we should not have offered any opposition to this Resolution ; we should have welcomed it though at the same time we realise that the appointment of a committee will not be expedient just at that moment.'

I submit, Sir, there is not a word in that speech which suggests that the facts, as stated by Dr. Nand Lal, were incorrect or that he too like myself was guilty of inaccuracy. The whole burden of the speech of the Honourable the Law Member on behalf of the Government was : 'Yes, here are these facts, we are as anxious to relieve the suffering of the poor people in the North-West Frontier Province as you are, but, having regard to these negotiations, we think that the appointment of a committee is not advisable.' I submit, Sir, that only two weeks ago this was the speech delivered by the Member on behalf of the Government. Sir, having regard to that speech, I am perfectly entitled to say that as far as the facts go, they are not denied. I shall not say they are admitted ; but they are not denied. So, Sir, there are these two points, that there is dissatisfaction with the general administration and that there is strong, very strong dissatisfaction over the exclusion of Indians not from subordinate, but from the higher posts in the North-West Frontier Province.

Mr. E. L. Price : Sir, I do suggest to Members interested in this question that they make a great mistake in not accepting Dr. Sapru's offer. I only wish that some Member of

Government would make me as good an offer on any subject in which I am interested. I should fall over myself in my anxiety to accept it. And, Sir, if I make this remark, it is particularly for the reason, that when Chaudhuri Shahab-ud-Din made a statement that the main driving force behind the tribes that committed the raids – the cause of so much complaint the driving force was economic, I hear many murmurs in the House that sounded as if some people were laughing at him. If that were so, Sir, I suggest that the Members who laughed, should first of all consider a few facts of history, for I say, it is so all over the world, and ever has been, that the hungry hillmen swoop on the plains. It was so on the borders of Scotland and England; it was so on the borders of Wales and England. The very title of nobility 'Marquis' means 'A defender of the border,' and what can you expect? You have big, hairy, active hillmen, living under extremely difficult conditions, always short of food, always short of fuel, always short of clothing. They get such arms as they can, they swoop down on the peaceful inhabitants of the plains for loot. And yet when an Honourable Member of this House makes a statement of that fact, a fact which must be absolutely plain to anybody who has read history at all, he is greeted with a slight element of laughter. I protest, Sir, at that laughter, because the Honourable Member was making a valuable point, and because he was laughed at and people do not seem to understand what is one of the main causes of these raids. I the more earnestly suggest that Members interested accept the very generous offer of Dr. Sapru.

The Honourable Mr. Shafi : Sir, perhaps the House will be interested to hear that out of the six Educational Service men in charge of the various appointments which are reserved to that Service in the North-West Frontier Province, three are Indians. Perhaps also the House will be interested to know that at this moment the gentleman in charge of Archæology in that province is an Indian.

Khan Bahadur Zahir-ud-Din Ahmed : Sir, one word and I will finish. I am informed that the raids on the North-West Frontier Province are being continually raised in this House. I feel equally with Honourable Members on this question. I offer a solution, Sir, if a few copies of the debates of this House are forwarded to the frontier tribesmen, I am certain they will frighten the offenders away.

My further submission to you, Sir, is that those Honourable Members who are so keen about it may be entrusted with the copy of the debates to be handed over to the frontier men. Sir, I wish to know if the Honourable Members will agree to this.

An ounce of experience is better than a ton of theory. Hence I wish to let my Honourable friends, the M. L. A.'s from the different provinces and cities have a little taste of these frontier tribes and no doubt they will return wiser men and satisfied.

Babu K. C. Neogy: Sir, reference has been made to the circumstances in which the North-West Frontier Province was created. Now that about 20 years have elapsed since that day, it will be profitable to turn our attention to a remarkable memorandum which was prepared by the then Lieutenant- Governor of the Punjab, Sir Mackworth Young, in which he protested against the creation of this Province. It is interesting to learn that the Punjab Government was not even consulted in regard to this matter before the decision was arrived at to create this territory into a separate Province. I will just draw the attention of the House to the five salient observations in the report which practically summarise the whole thing and which appear to me to be remarkably prophetic in their character. The first is, that the 'severance of the five districts from the Province to which they have been attached since the Sikh times will be unpopular with the Chiefs and the people of the districts concerned.' The second is that 'the military administration which is proposed to be constituted will be much less efficient than that which now exists as part of a large provincial organisation.' And under this, Sir, Sir Mackworth Young criticises the proposal of employing officers of the Foreign and Political Department . . . .

The Honourable the President: Order, order. As far as I read this Demand, there is nothing in it providing for past history.

Babu K. C. Neogy: Well, Sir, it will be interesting to note that when the Province was created, it was estimated by the authorities that it would cost no more than Rs. 67,86,344 a year, and I will ask the House to remember that we are going to vote just now about a crore in excess of that amount.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,43,54,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March, 1922, in respect of the North-West Frontier Province'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 1,07,72,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March, 1922, in respect of 'Expenditure in England'.'

Expenditure in England.

PROBATIONERS FOR THE FOREST DEPARTMENT.

Mr. A. B. Latthe: Sir, I beg to move:

'That the sum of Rs. 2,84,000 (Expenses in connection with probationers for the Forest Department) (page 279) be omitted.'

Sir, the reason why I move this amendment is that the principles under-lying the allotment of this amount are such that they ought to be discussed in this House at this stage.

From inquiries which I have made of the Honourable Mr. Hullah, I learn that this amount is intended for the expenses of certain probationers who are maintained in England and who, I presume, are intended for the Indian Forest Service. The first question which strikes me in this connection is that Forestry is a subject for the teaching of which ample provision seems to have been made in India, and there is hardly any reason why probationers should be sent to England. Honourable Members will see that the College at Dehra Dun has been recently developed to a very great extent and that we are incurring an expenditure of Rs. 4,37,000 a year on that College. It appears that the requirements of the Indian Forest Service do not go much beyond 50 or 60 men a year, and I should think that the higher education in Forestry which ought to be given to these men ought to be available at the Dehra Dun College which we are maintaining at such a heavy cost and which we are promised is to be capable of giving the best education in that department.

Then the second question which arises, to my mind, is that the Forest Service is one in which there ought to be a very great preponderance of Indians. The present system of recruitment whereby probationers are, I think, to a very large extent taken in England, is a system which puts a handicap on the Indian candidates who aspire to posts in the Forest Service. There is no reason which I can imagine for the Indian Forest Department being manned by so very few Indians. I recognise that in certain other departments there is much force in the contention that there must be an irreducible minimum of British people and beyond that minimum it would not be safe to go. I am one of those who admit the force of that argument in certain departments, but so far as the Forest Department is concerned, I cannot see why it should not be entirely manned by Indians, and, if that is the goal which we have in view, I think the proper course for the Government to follow is to appoint the recruits exclusively in India and to train them in India as far as possible. I think there is no reason why there should be any difficulty in giving the highest education in Forestry in this country. If necessary, those students who complete their course at Dehra Dun might be sent for a tour to Europe and other countries where they might be expected to see the forests on the spot. But there is no reason why we should mainly recruit candidates for the Forest Department in England and why we should think that the College which we are maintaining at such a cost should not be capable of giving instruction which these students are to get in England.

I propose this amendment only with a view to give the Government an opportunity of making a statement on these two questions, and, if the Government makes a statement which will be satisfactory to the House, I do not intend to press my motion.

Mr. J. Hullah: Sir, the Honourable Mover's opinion that the Imperial Forest Service should be manned entirely by Indians agrees with that of the Public Services Commission and the Secretary of State and the Government of India, but the fact is that up to the present we have found that the Forest Service is, for some unknown reason, the most unattractive to Indians of all the services, and until quite lately you could count on the fingers of one hand the number of Indians in the Imperial Branch of the Department. It is not that this branch has been closed to them. It has been open to all Indians, and any Indian who cared to go to England and try for that Service could do so as was the case in regard also to the Indian Civil Service. The Government of India have now decided, under the Secretary of State's instructions, to recruit at once for 40 per cent. of the posts in the Imperial branch of the service by taking in Indians. We made our first attempt at recruitment last year, but for reasons into which I need not go we were only able to obtain four Indians and those have been sent to England. We tried to obtain last year 6 men in all. Owing to the war and various other causes, especially the large increase in the Forest services in the different provinces, all the staffs in the provinces are very short of men and we tried to get last year 6 men, of whom, under the 40 per cent. principle, 24 were to be Indians and 36 Europeans. As a matter of fact, we were successful in getting only 25 Europeans and 4 Indians. This year we shall try again to get 60 men, and in consequence of the failure to obtain men last year, we are putting the Indian recruitment, if we can get the men, above the 40 per cent., that has been accepted as the percentage for the present, and we shall try to get 30 Indians to fill up 30 out of a total of 60 vacancies. They will go to England. Their passages will be paid and they will receive the same allowance as the European candidates in England, namely, £200 a year. Their expenses on the continent where they go for a course of training will also be paid, and these are among the reasons for the provision that appears in the Budget.

The Honourable Member has suggested that the training of Indians for the Forest Department should be in India. He has thus raised, in the course of a Budget discussion, a very big question which has been under the very careful consideration of the Government of India and the Secretary of State for some time past. The Public Services Commission made the same recommendation, but their recommendation was not unanimous; the majority,

however, declared in favour of recruitment in India. The Government of India at first were inclined to the same opinion. They consulted the Local Governments, which with only one exception, were distinctly opposed to the proposal In view of the objections put forward, the Government of India changed their view and considered that it was in the interests of the Indian Forest Service and of Indians themselves, that they should get the best possible training available, and that is only available in England and in the continental forests. The Secretary of State, however, decided in favour of training in India. Shortly after that decision, there was held in England the Imperial Forestry Conference consisting of representatives from all parts of the Empire, and one of the recommendations of that conference was, that there should be a central institute for training students in Forestry from all parts of the Empire, the institute to be located in England. Having regard to that recommendation the Secretary of State re-opened the question and has asked us to consider the Forestry Conference's recommendations, to obtain all kinds of opinion and to let him have the Government of India's final recommendations. We are waiting for the detailed report of a Committee appointed by the Forestry Conference to know exactly what is meant by this central training institution and what the cost to India would be. As soon as we receive that report, we intend to send to all the Local Governments a complete set of the papers and the whole of the correspondence. We shall also publish those papers and we and the Local Governments will obtain such opinion, especially non-official, as we can. The Government of India also intend to give this Legislature a full opportunity of discussing the whole question before it is settled whether training is to be in England or in India.

Mr. Harchandrai Vishindas : I have yet a more cogent answer to give to Mr. Latthe than that given by the Government Member. We have all been anxious and have been agitating for the more extensive employment of Indians in the Indian services. Now that question is entirely apart from our getting training in India. I think, that by making this provision, which will allow of probationers being sent out of India for their training to continental countries, we shall be serving the object of the more extensive employment of Indians, because, thereby, we shall be assisting the machinery, which machinery will enable Indians to be more qualified for service in Forests than they now are.

Therefore, I think that Mr. Latthe is somewhat wrong if he will pardon me for saying so – in supposing that such a motion of reduction is serving the interests of the more extensive employment of Indians in this country. I say, that is a very cogent reason why he should withdraw this motion for reduction. If he does not, he should be opposed.

Rao Bahadur C. S. Subrahmanyam: Sir, Service in the Forest Department has always been considered a close preserve. Well, while Indians are admitted to some of the more important branches of the administration, the Forest Branch is one of those which has always been kept a close preserve, that is Indians were shut out of it. The reason is not obvious to a layman. In the first place, forestry in India is not the same as forestry in England, where the climatic conditions and other conditions are totally different. The fauna of this country and the fauna of the cold and western countries is quite different. Therefore, a young man trained in some forest school in England, when he comes out to India, has practically to unlearn most of the things he learnt there and then begins to learn here at the expense of this Government and makes experiments which often fail.

Now, properly speaking, forests like agriculture, should be very largely manned by Indians. Let them have an English training ; it may do them good. The disproportion in numbers which is disclosed in the explanation given by the Honourable gentlemen on behalf of the Government shows that there is good ground for complaint, and the motion which my Honourable friend, Mr. Latthe, has moved in such mild language deserves greater attention at the hands of this Assembly, because the recruitment in England practically means that many a young Indian who might have all the qualifications necessary for the service is handicapped.

The long distance they have to go and all the other drawbacks connected with residence in a foreign country prevent large numbers from going. Therefore, it has on that account become practically a closed service.

So far as the conditions of service go out here, there is also some difference between Europeans and Indians who do the same work but who are designated with the prefix 'Extra.' While a European is called Assistant Conservator, an Indian is called Extra Assistant Conservator, and he gets much less pay. Now this question was very freely agitated by the Indian members of the Forest Service when the Public Services Commission was touring the country.

Now, after all, the training that is received in England, unfortunately is not very much. It is on the Continent, it would appear, that Forestry is better specialised and that an efficient system of training is available—especially in Germany. That is what I have heard, and I believe, that represents the correct state of affairs.

Now as for the Local Governments being in apposition, we all know that after all, in regard to these services, Local Governments never look with favour on the extension of some of these services to Indians Somehow or other, when a question like this is referred to a Local Government, naturally the men at the head of that particular service have their say and that is reflected by the Government and passed on to the Government of India.

Therefore the fact that Local Governments are in opposition is a matter which ought to be scrutinised, discussed, dissected here in this Assembly and not simply taken as having the least *primâ facie* value. In view of the correspondence that is going on with the Secretary of State, let us wait till he has fully accepted the recommendations of the Local Governments to limit the number of Indians in the Indian Forest Service. No doubt on this occasion it may not be possible to come to the conclusion that there should be an increase in the number of Indians employed in the Forest Service. But it is a very good thing that the question has been raised. One thing that stands out clearly is that the explanation given by the Honourable gentleman on behalf of the Government is very weak, the weakest we have heard for days past, and that in itself shows that my Honourable friend, Mr. Latthe, has a very good case. I hope that on the next occasion we have of discussing this matter, my Honourable friend will also come prepared to press his case, and not, like my Honourable friend who spoke last, simply say we will accept whatever the Government offers. This Department, like one or two other Departments, has been very badly treated in this respect, and if Forestry in this country is to improve, it can only be by the local knowledge and familiarity with local conditions and terms which an Indian possesses. As for the English training, I do not know, as I have said, that there is much Forestry training to be had in England. There are other countries on the Continent and elsewhere where Forestry has been specialised and developed to a greater extent. Well, Sir, I will only call the attention of the House to the fact that the Forest Service has been kept practically a closed service to Indians.

Mr. N. M. Joshi: Sir, it was stated on the side of the Government that sufficient Indian recruits had not come forward to fill up the vacancies that were created. I should like to know from Government whether they advertised these vacancies as widely and as prominently as they advertised the Government Loan, whether they sent any notices about these vacancies to all the colleges in the country and whether they wrote to the employment bureaus of the different universities. I am quite sure, Sir, if they had taken the same trouble and care which they took in advertising Government loans, they would certainly have found more than enough of people to fill up these vacancies.

Mr. Wali Mohamed Hussanally: Sir, I agree with all that my friend, Mr. Harchandrai Vishindas has said on this subject; and I also admit, that the course of professional education at the present moment in the United Kingdom is far superior to what we get in India, and, therefore, I think, that there cannot be the slightest question as to the provision which is now asked for being granted. The Honourable Mr. Hullah has given an explanation which, I think, ought to convince the House of its being very satisfactory. But particularly, I would ask my friend, Mr. Latthe, to withdraw his motion at the present moment by reason of the fact that the whole question is under consideration; and as Mr. Hullah has told us just now, as soon as all the papers come, the question will be referred to the Local Governments and also will be placed before this House for consideration. Therefore, I think, it is inopportune to ask this House not to grant this allotment.

Mr. A. B. Latthe: Just one or two words, Sir. With reference to the first question, we have been assured that the question will be placed before the Assembly at a later date, and, therefore, I need not travel over the ground which my Honourable friend, Mr. Harchandrai, touched.

With regard to the other question, I must frankly confess, that I am not satisfied with the statement made on behalf of the Government. We were told, that the idea is to give 40 per cent. of these probationerships to Indians. Well, I do not see any reason why we should confine ourselves to 40 per cent. As the Honourable Mr. Hullah himself said, the Public Services Commission recommended that the service might be entirely manned by Indians, and I still think, that that should be the ideal before the Government. Of course, in the present circumstances, in view of the fact that the Government could not find even four men out of 30 last year, the suggestion which I am making is only of academic interest. Let us see that the Government secures at least 40 or 50 per cent. this year, and then we may press for more next time. With this intention, I beg the House to permit me to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

GROSVENOR GARDENS.

Mr. Piyari Lal Misra: Sir, the motion standing in my name, is:

'That the item Rs. 1,20,000 (page 280), Alteration to Grosvenor Gardens, be omitted.'

That comes under the head 'High Commissioner' I understand, the High Commissioner for India. My motion is more by way of eliciting information on the subject. I should like to know whether this alteration is meant in the residence of the High Commissioner, or whether it is meant for his office, or only by way of luxury. The point is not quite clear and is altogether ambiguous; so unless I have these facts I do not see my way to withdraw this motion.

Mr. C. A. Innes: Sir, I shall try to answer the Honourable Member's questions. The facts of the case are, that when the High Commissionership was created, it was found

impossible to continue to accommodate him in the India Office. Accordingly, office accommodation had to be found for him. Now, it was considered very desirable, that that office accommodation should be found in a suitable locality in London. In the first place it was necessary that it should be near the India Office, and in the second place it was necessary that it should be in the same part of London as the offices of the High Commissioners and Agents-General of the various dominions. It was also necessary that it should be near the Students' Department at Cromwell Road. But in this part of London, which is the West-End, it is not easy to find office accommodation; and Sir William Meyer had considerable difficulty in finding the accommodation he required.

Finally, he was able to secure on very favourable terms two houses in Grosvenor Gardens, but those two houses are private houses, and certain alterations had to be made in order to make those two houses fit for offices. So Mr. Piyari Lal Misra will see that this provision has been made not for Sir William Meyer's private residence, but for the office of the High Commissioner of the Government of India in London.

Sir P. S. Sivaswamy Aiyer: I wish to know, Sir, whether the Grosvenor Gardens site has been acquired by the Government of India or they are making improvements to other men's property.

Mr. C. A. Innes: The only information I have got on that point is, that Sir William Meyer hoped to be able to get a lease of 35 years for these two buildings.

Sir P. S. Sivaswamy Aiyer: What is the nature of our present interest?

Mr. C. A. Innes: We have, I understand, a lease with 35 years to run for these two mansions.

Rao Bahadur T. Rangachariar: What is the rent?

Mr. C. A. Innes: I think they have purchased the remainder of the lease for 35 years for £21,000.

The Honourable the President: Does the Honourable Member wish to withdraw the motion.

Mr. Piyari Lal Misra: If the case is as put down by Mr. Innes and if the necessity is inevitable, I beg to withdraw the motion.

The amendment was, by leave of the Assembly, withdrawn.

INDIAN STUDENTS DEPARTMENT.

Munshi Iswar Saran: Sir, before I move my Resolution, I shall be obliged if an explanation is given to me on behalf of Government in regard to one or two points. On page 218, there is an item called 'Indian Students Problem', Rs. 50,000 and on page 281 there is another item 'Indian Students,' Rs. 1,85,000. I should like to know what these two different items are.

The Honourable the President: As a matter of order, the whole discussion regarding Indian students in England should be taken, on one of these three motions.

Mr. H. Sharp: Perhaps it will clear the point if I say, that the entry on page 280 refers to the expenditure in connection with the Indian students department, that is in the office of the High Commissioner now. The entry on the next page 281 under 'Indian Students' refers to expenditure for scholarships and stipends and similar matters of that kind and assistance generally to Indian students in England.

The Honourable the President: Am I to understand that the larger item arises as a matter of administration out of the smaller one?

Mr. H. Sharp: The smaller one is the administrative body. The larger one, Rs. 1,85,000 is payment for scholarships which are awarded in this country to a large number of Indians for study mainly in the United Kingdom. They are quite different items.

The Honourable the President: I put it in a different way. The scholarships, I understand, are awarded in India, and those holding them proceed from India for education in England. When they arrive in England are they under the general control or supervision of the officer in charge of the Indian Students Department?

Mr. H. Sharp: The State Scholars, as they are called, are all under the control of the Indian Students Department.

The Honourable the President: Then I think it will be convenient to take the whole discussion on the motion for reduction which the Honourable Member is about to move.

Dr. H. S. Gour: I am not willing, Sir, that my motion should merge in that of the Honourable Member, because I have got a different motion altogether and I wish to approach the question from an entirely different standpoint.

Munshi Iswar Saran: Sir, I move:

'That the provision of Rs. 50,000 for the Indian Students Department be reduced by Rs. 1,000.'

I speak subject to correction, but I understand that this Indian Students Department is really the Advisory Committee for Indian Students which has now been placed under the High Commissioner. Am I right?

The Honourable Mr. Shafi: No, I am afraid my Honourable friend is not right. The Indian Students Department was originally a Department of the India Office which has recently been transferred to the control of the High Commissioner for India. In that department, the High Commissioner for India is assisted by two Indian Secretaries and, I suppose, there is the necessary staff attached to that department in order to enable the High Commissioner and the Secretaries to carry on their duties.

Munshi Iswar Saran: What has become of the Indian Advisory Committee?

The Honourable Mr. Shafi: There was a Resolution moved in the Council of State the other day advocating the appointment of an Advisory Committee to the High Commissioner. I undertook, in the Council of State, to enter into correspondence with the High Commissioner with a view to the formation of an Advisory Committee which shall assist the High Commissioner in the administration of this particular branch of his work, but that Advisory Committee has still to come into existence.

Munshi Iswar Saran: I beg your pardon. There used to be an Advisory Committee of which Dr. Arnold was the head.

The Honourable Mr. Shafi: There was, so far as I am aware, no Advisory Committee. It was the Indian Students Department of the India Office of which Dr. Arnold was in charge.

Mr. Eardley Norton: May I ask, Sir, whether this Rs. 50,000 goes entirely for the pay of the two Secretaries and their staff?

Mr. H. Sharp: The calculation is made up in the India Office and it is impossible to furnish complete details about it. The money which is put down goes to the pay of the two Secretaries and certain other items of administration. It would be impossible to say exactly how much goes to the Secretaries and exactly how much to others.

Munshi Iswar Saran: Sir, on this question I speak with very great diffidence having regard to the fact that I have never been to England myself; but my submissions will be based on information I have received from many young men who have been to England, as well as from a good many of my elderly friends who have visited England. I must concede at once that, as far as the broad question is concerned, I venture to think that there will be a general unanimity that, in order to look after Indian students who go from India for purposes of education to England, it is well that there should be an organisation in England to look after their interests and to help them in case of need. The House will find that Indian students go to England generally at about the age of 19 or 20, and at that impressionable age it is very much to their advantage that they should have a committee of friends who are interested in Indian students and are willing to help them. As far as that principle goes, this is my submission, but what I find is, that the Students Department, as existing, has not been popular with the Indian students. I do not undertake to say who is to blame for this unpopularity, I am only stating the fact that this department is not popular with the majority of Indian students who go there. I also understand from friends who have returned from England that the report I have received from many students is substantially correct. The grievance of Indian students is, that they get little or no help from that department. On the other hand, some of them go to the length of saying that instead of giving help it puts obstacles in their path. They further feel that this department has really been brought into existence for political purposes. They imagine, as I have already said, although I express no opinion about it, that this department has been brought into existence in order to keep an eye on them, that it has been created to control or suppress their political opinions and activities, and not with the object of helping them. It may be true, it may not be true, I only put it for the consideration of this House.

Now, if there is this want of confidence in the department, as I am led to think there is—then, my submission is, that it is time for Government to consider this question and to see what changes can be made in order that these grievances of the Indian students may be removed, so that the department may enjoy their confidence. If I am not very much mistaken, I think that two or three years ago a Resolution was passed by the Indian National Congress advocating the abolition of this department. From articles that have appeared in the public Press from time to time, the inference that one is forced to draw is, that this department is not popular with the Indian students, and has not been able to gain the good-will of even some of the elderly people who have visited England. In these circumstances, I submit, that the matter is one that requires very serious consideration.

I think this House will agree with me when I say that if these Indian students who go to England, and who will continue to go there, come back with feelings embittered towards the department and the authorities, a serious and complicated situation will arise. I say, arrangements should be made to enable the students to have confidence in the department and to

come back with no other feelings but those of friendliness towards it. It was with the object of drawing attention to these facts that I have brought forward this motion.

Mr. H. Sharp: Sir, I regret that I am not so well equipped as I could wish to meet this amendment. I am slightly hampered. The responsibility for my embarrassment rests upon an Honourable Member of this Assembly, but the Honourable Member is not Munshi Iswar Saran. It is, strange to say, my Honourable friend, Dr. Gour. The facts, as far as I can ascertain from certain information and partly from surmise, are as follows. Dr. Gour has lower down an amendment following this one. He put it down before I knew that he was going to move it or that I should have to meet it, and it appears that he immediately went off, like a wise man, and got hold of the last report upon the Indian Students Department. Now, it so happens that I have only got one copy of that document here and in the kindness of my heart I placed it in the Library in order that Honourable Members might edify themselves or amuse themselves by perusing it in their leisure hours. The result is that I cannot get hold of that document myself and Dr. Gour has, so to speak, cut my communications and appropriated my main ammunition column. I do not blame him. In fact, this is merely a proof of what I was mentioning yesterday, namely, the capacity and agility of the non-official Members who have come to the Indian Legislature from a part of India which is sometimes unjustly stigmatised as backward and slow.

Now, to turn to the amendment itself, Munshi Iswar Saran has himself, I think really, apologised very handsomely for the existence of the Indian Students Department. He has fully admitted that there is necessity for some such organisation. We have a very large number now of Indian students in the United Kingdom. How many precisely I cannot say, but doubtless Dr. Gour can give us more up-to-date information than I can. They find themselves among novel surroundings, they find themelves often friendless, in need of advice and exposed to all kinds of troubles and temptations. It is obvious, therefore, that there must be an agency for looking after them and that agency has for a long time been the Indian Students Department which was in the India Office.

What are the kinds of benefits which this department bestows upon the students? In the first place, the department takes definitely under its guardianship the State scholars and certain others whose parents wish them to come under the guardianship of the department. In 1916 that number was 138. In the same year, however, apart from this, one thousand students sought the assistance of the department. (At this stage the Deputy President took the Chair.)

Another important function of this department is to deal with and assist those students who go to England either without having made preparation beforehand for getting admitted into any educational institution or who are not fully informed as to the kind of institution which it will be best for them to enter. We have in India 11 Advisory Committees, mainly non-official bodies, which have been instituted for giving this advice. But very often it is found that a student goes off without consulting the appropriate committee and arrives in England with really very little idea as to what he is going to do and with no promise of admission to any institution. There the department comes in and helps to get him into some institution. In this connection the department puts the student into correspondence with the Delegacy for Oriental Studies at Oxford and the Inter-collegiate Indian Students Committee at Cambridge, two purely non-official bodies which have been formed by those Universities for arranging for the admission of Indian students into the various colleges. I should like to make one point about this, and that is, that the Students Department has never thrown itself down the throat of the student. It does not force its guardianship or its help upon anybody. But if parents put their students under it for guardianship, it helps them. It helps them in many other ways also. No. 1 Cromwell Road has already been mentioned. It finds residence for students; it helps in entertainments, it compiles or helps in compiling a very useful handbook of information, and it arranges for passports.

Well, I am perfectly aware, Sir, that there have been grumbles in the past, as Munshi Iswar Saran told us, about the management of this department, and students have come back and talked about it. Those grumbles came to a head, and it was thought worth while to answer them. The India Office compiled a memorandum on the position of Indian students in the United Kingdom in 1918. It is a very informing document and I commend it to the Honourable Mover's notice. It will show both where those grumbles were without foundation, and also it will show at a very much greater length than I have been able to set forth the object and aims of the department.

We have heard hardly any grumbles lately. In fact, I think I may say that we have heard none, and I think also that in the future we shall hear even less, because the whole institution is being deofficialised. To begin with, the department itself has been made a part of the office of the High Commissioner. The students are no longer in contact with the India Office. Some thought, doubtless without foundation, that the India Office were spying upon them, whereas it could not have been so, because it was not necessary for the students to go and see the India Office. The High Commissioner, as the Honourable Member for Education has said, has got two Indian Secretaries, namely, Mr. Bhore and Mr. Sen, who are at present doing the work of the department. As the Honourable Member has also said, in connection with a Resolution in the Council of State the other day he gave certain assurances regarding the institution of an Advisory Committee. I think that I have said enough to defend the

Rs. 50,000 which is put down for this department. But in case anybody thinks that the expenditure is too large I might mention that it has been decreased—I find in 1919-20 it cost just over Rs. 86,000, and now it costs Rs. 50,000.

Mr. N. M. Joshi: Sir, it seems to me strange that the Government should not be in a position to give details of the sum of Rs. 50,000 when they are actually asking us to sanction it. I do not know whether the details of this amount are not with the Government Member here, or are not in India at all.

Sir, as regards the question raised by my friend, Munshi Iswar Saran, I do believe that there is great discontent among the students in England about the working of this department. Last year, when I was in England, I had very good opportunities of knowing the feelings of students in England in this matter. I used to take my meals in an Indian restaurant which used to be crowded by students, and during the course of my conversations with them, and sometimes as a quiet listener, I gathered that this discontent was indeed very great, and I also felt that it was well-grounded.

In the first place, as my Honourable friend, Munshi Iswar Saran, stated, the students regard this department as a department which existed not for helping them, but for the purpose of espionage. I hardly met any student who gave me a better account of this department. I met all sorts of students, good and bad. But I did not meet any one of them who really said a good word about this institution. Secondly, I met some of them who said that when they did not go to Cromwell Road House, that is, under the supervision of the Government department, the Government department actually came in the way of their getting admission into some of the universities. Then, Sir, some of them also told me that when the Cromwell Road House failed to secure for them admission into the university to which they wanted to go they could secure admission without its help. Many of them also complained that the Cromwell Road House interfered with the ordinary life of the students rather too much, and there was a conscious effort to control the political opinions of the students that go there. On this matter I must state that I never visited the Indian Students Department. My knowledge is solely derived from the students themselves, and for that reason it may be considered as one-sided. What I do feel is this, that there is not the slightest doubt in my mind, from what I saw in England, that there is an effort, conscious effort, made on behalf of Government to control the political opinions of the students that go there.

Sir, I do not know much of psychology, but I know this much, that if there is any effort made to control any sort of opinions, that effort is bound to be frustrated and this effort on the part of Government, therefore, meets with no better fate. I also feel sometimes that, although as the Honourable Member for Government said that this department does not thrust itself upon the people, still it looks as if this department is a little bit officious. It looks as if the department is a missionary department, wants people to come under its wings, rather than to remain strictly neutral, and this very attitude of the department in many cases creates a kind of suspicion, as there is a kind of suspicion about the Christian missionaries that, instead of helping, the department comes in the way of its real work. Sir, I, therefore, feel that Government, instead of trying to help the people in an officious manner and trying to control the opinions of the students and to interfere with their ordinary life, should, as far as possible, leave the students alone, especially in regard to their political opinions. If they leave the students alone, then, I am quite sure, that at least some of the students will return to India with sane political opinions. Sir, I say this also on account of my experience in another place in London. The Young Men's Christian Association has recently started a Students Home in London which I found to be free to a great extent from all the defects which are attributed to the House on Cromwell Road. I, therefore, feel that Government should try to leave the students alone as far as possible and that, if the department is to be maintained, it should take a neutral attitude and should not try to help any student unless the student seeks its help, and further that, if the Young Men's Christian Association or any other body starts homes in London, Government should be ready to help it in all possible ways. I think that will be a better solution of the problem than spending a large amount of money on this department. Then I should like to ask one question. We have Indian students not only in the United Kingdom, but also in the United States. The number of students in the United States can also be counted by hundreds. I do not know why Government does not try to help the students that go to the United States as they try to help the students in the United Kingdom. Sir, I feel that this matter of the students in the United Kingdom, as well as in the United States, requires close examination and must be handled very sympathetically.

Dr. Nand Lal: Sir, we should not be carried away with the expression 'Indian Students Department'. At the time of allowing this demand we ought to see what benefit the Indian student community in England can derive from this institution. That is the crux of the whole thing. If I am asked and if my humble voice could be heard here, then I will come out with an expression of my opinion and that opinion is this: 'That it is an uncalled-for limitation on the legitimate freedom of the students.' Poor Indian students wherever they go have to be under some sort of guardianship, as if they cannot look after themselves. Allow me to submit before this House that the Indian students can look after themselves very adequately. The Honourable the Official Member has very kindly informed us that one thousand students have consulted this august body which has been located in England

at this heavy expense. What sort of consultation? I have been to England myself. When I was in England, allow me to say frankly, the voice of the generality of the students there was that this is nothing but a kind of check on their freedom.

This was the opinion which was at least expressed to me by a number of students then. Afterwards, I had the pleasure of seeing a number of students and they themselves had to make this statement before me that this institution is unnecessary. Can we not then make a fairly good deduction that this expenditure of money is not only a waste, but also that it produces, as I have said, a kind of uncalled-for limitation on the legitimate freedom of our students. This is the best part of their lives, I envy that life myself and wish I could become a student again. They live in a wholesome atmosphere and their very stay there is very educative. Why should they be hampered by an official body to control them? Certainly, there is much justification for the comment which has been made, that this institution has been made to control the political views of the students. Supposing it is an incorrect comment, but the fact remains that the students look upon it in that light. Is it not the duty of Government to try to remove that idea? Government's intentions may be very good. According to the view of Government this expenditure may be proper expenditure, but we have got to see what effect it produces on the minds of the students. Their view is 'This institution is not established for our guidance, for assistance to us, but to control us'. And some of them do feel and say: 'We are very unfortunate people: wherever we go, we are pursued by a body which will control us, as if we cannot guide ourselves.' This is the criticism. This criticism may be misplaced, but this is the criticism which has emanated from the minds of these very students. I concede at once that in some cases, say 2 per cent. of cases, this institution might have gone to the length of really helping some students. But is it worth while to spend so much money for that? That is the point before the House. Other speakers have tried to throw a flood of light on this question, and I think I need not reiterate their arguments.

I finish my remarks with this conclusion, that this motion for retrenchment is a very sound one, speaks for itself, and I very strongly support it.

Mr. S. C. Shahani: Sir, are we to sit here every day till 6 o'clock?

The Deputy President: That is not a question for me but for the President to answer.

Sir Jamsetjee Jeejeebhoy: Mr. Deputy President, I am afraid I have no sympathy with the Honourable Mr. Sharp in his complaint that the only book on which he relied had been bagged by Dr. Gour. There seems to be an epidemic of petty larcenies in the Council Chamber. Only this morning . . .

Dr. H. S. Gour: I rise to a point of order, Sir. I am in possession of the book, but most legitimately in possession of it. I sent a requisition for that book to the Registrar and he gave it to me.

Mr. H. Sharp: I rise to a point of order. I never used the word 'bagged' about Dr. Gour.

Sir Jamsetjee Jeejeebhoy: Well, Sir, only this morning the Honourable Mr. Eardley Norton said, that some of us were taking away pencils from the desks and, if I may be permitted to remind the Honourable Mr. Sharp of what he did yesterday, it is this, that yesterday he took the motto of Bombay and applied it to Calcutta—a city with which we are always on a footing of friendly rivalry.

Mr. Jamnadas Dwarkadas: Sir, I am glad that the motion brought forward by my friend, Mr. Iswar Saran, gives us the opportunity of discussing the doings of this department. I do not know what this department is going to be in future. I hope it will be all that Mr. Sharp has very kindly told us it is going to be. I am also glad that the Council of State, by a Resolution, has recommended the appointment of a committee. I hope that committee will not be in any way like the committee that existed in the past but will consist of prominent Indians and sympathetic English men who live in England—men like Sir Sankaran Nair and Sir M. Bhownagree.

I claim to have some knowledge of the state of Indian students in England and I do not share the view placed before this House by Dr. Nand Lal, that these students should have no guidance whatsoever in England, that they should be allowed to go from here and should be free to follow their own pursuits without being guided by any other department. I do not think that would be a desirable thing. It would indeed be a calamity if Indian students were allowed to go from here to a place which is not known to them without any guidance whatsoever, either in India or in England, among other things as to what course they should adopt with regard to prosecuting their studies in England. But, I do submit, Sir, that I endorse the opinion expressed by my friend, Mr. Joshi, that this department which has existed up to now has entirely failed to offer any guidance to Indian students who have gone to England. Sir, if there is one thing of which we Indians ought to be ashamed it is the state of Indian students in England. No one who has not been to England, nor anyone who has not kept in touch with the condition of Indian students there, can have the slightest idea, even if it were given in the most eloquent speeches, of the miserable state in which Indian students have to live in England. I shall quote Mr. Gokhale who said

in 1914, after investigating the condition of Indian students in England, that in his opinion it was criminal to send Indian students to England to receive education in the present circumstances.

Dr. Nand Lal: May I point out, Sir, that Mr. Jamnadas Dwarkadas levels his attack against the students who are not present here to defend themselves ?

Mr. Jamnadas Dwarkadas: My friend, Dr. Nand Lal, is labouring under a misapprehension. Anyone who heard me speak will admit that my attack was not levelled against the students. My attack is levelled against the department which pretended to give guidance to the students, but which failed entirely to give any guidance whatsoever to the students. Mr. Joshi has pointed out, and very rightly pointed out, that the one thing this department concentrates upon is the task of enslaving Indian students. The result is—as the result of an attempt at enslavement always is—that the students go out of the hands not only of those who are trying to enslave them, but they go beyond all bounds of propriety and take all sorts of license, take pride in severely criticising their own parents and their own political leaders, no matter how much they may have sacrificed in the cause of the country, and they are full of hatred and bitterness against the nation, I am sorry to say, which they think has ill-treated them. This is the condition, this is the state of affairs in England ; and I am quoting the words of a great Englishman, a friend of India, who is now in England and whose sympathies with India and its aspirations can never be brought into question, when I say that he told me once that if there was any hopeless lot in the country at present it was this class of Indian students who come to England ; and the fault entirely is of the department which pretended to guide them, but gave them no guidance whatsoever.

Sir, Mr. Sharp made mention of the beautiful residence that is provided for students at Cromwell Road. The less said about 21, Cromwell Road the better. I wonder if Mr. Sharp knows what reputation 21, Cromwell Road has among Englishmen in England. If a respectable gentleman ventures to stand on the foot-path of 21, Cromwell Road, or if his car is waiting outside the House of 21, Cromwell Road, he is told by his friends, he is warned not to stand there, otherwise he would no longer be considered respectable. No inmate of 21, Cromwell Road is looked upon as a respectable person by the decent Englishmen in India. And this is the beautiful house which is provided as a residence for Indian students, who suffer because of its past reputation. Sir, after my return from England in 1920, the one advice which I have taken upon myself to give to students who want to go to England was this, that they should not place themselves under this department, that they should not go and live in 21, Cromwell Road, that they should rather place themselves under the guidance of a few of those friends of India who stay in England and who would be only too glad to welcome them and give them any help and guidance that is necessary, and I have found that these students are much better off than the students who live in 21, Cromwell Road. Sir, that is with regard to the indifference that is shown to Indian students who go, leaving their parents behind, leaving their families behind, for the purpose of educating themselves in England.

What response do they get in the colleges of the universities of England ? There, again, I think, I shall bring Mr. Gokhale to my help. He said, that to this date the universities of Oxford and of Cambridge are averse to admitting freely, and in a sufficiently large number, Indian students into their colleges, because they are afraid the morale of their colleges will suffer if Indian students are freely admitted. Indian students are made to live in a house which has no good reputation ; Indian students are not given the advantage of the best company in England ; Indian students are forced, compelled to mix with the lowest society in England ; their morals do suffer, I am afraid. But I say, that almost the whole blame for this lies on the shoulders of the department which pretends to control and guide, and which does nothing of the sort. I say, Sir, it is high time that this state of affairs should no longer exist, and that it should be improved ; and the best way out of the difficulty is not to abolish the existence of the department, but so to arrange to have its personnel that it may become a source of guidance and happiness to the students and not a continual hindrance. With these words I support the motion.

The Honourable Mr. Shafi: Sir, with the exception of my Honourable friend, Dr. Nand Lal, Honourable Members who have preceded me have recognised the necessity of a duly constituted agency in London in order to look after the welfare of the Indian students who proceed to that country to prosecute their studies. But they have launched an attack upon the Indian Students Department as it has hitherto existed in order to show that not only has there been considerable discontent against the working of that department, but also that that discontent is in fact fully justified. Well, Sir, I confess that I am not prepared to say that there is no justification for what Honourable Members have said with regard to the working of the Indian Students Department as it existed under the India Office. When I was in public life, I had often heard complaints from students who returned from England against the manner in which the affairs of that department were conducted by a certain officer who was then in charge of that department. But surely Honourable Members, when voting on this motion, should bear in mind this one fact that, while this criticism against the past may to a very large extent be justified, we have now to deal with an entirely different state of things. The Secretary of State for India and his Council, engaged in the performance of the duties and in the exercise of powers concerning the Indian Empire, were probably not able to devote to the Indian Students Department that amount of care and attention which it needed, and in

consequence it may be that the complaints which have been made to-day against the working of that department were more or less justified. But it is in order to remove those very complaints, it is in order to see that the affairs of that department are in future conducted solely and exclusively for the benefit of the Indian students in England, that the department has been taken away from the India Office and placed under the control of our own High Commissioner for India who is under the control of the Government of India in the discharge of his duties, and not under the Secretary of State. I read in the Council of State the other day, when dealing with a motion for the constitution of an Advisory Committee to the High Commissioner for India, extracts from the official communiqué which was issued by the Government of India announcing the appointment of Sir William Meyer as High Commissioner. In that communiqué it was pointed out that, by an Order in Council issued by His Majesty the King-Emperor, the High Commissioner for India had, in the performance of his duties, been placed under the control of the Government of India. Well, now, that being the fact, and it being admitted that the existence of a properly constituted agency in England to look after the welfare of the students is necessary in the interest of the students themselves, what, I have no doubt, my Honourable friends have in mind is this, that the Indian Students Department of the future—not of the past, but of the future—which is now to be under the control of the High Commissioner for India, should be free in the discharge of its duties from the defects to which allusion has been made in the speeches to-day. Well, as Education Member, I can assure my Honourable friends that every care will be taken in future to see that the affairs of the Indian Students Department are conducted on right lines. Sir William Meyer has, as you all know, occupied a high and responsible position in India. He is fully conversant with the public feeling in this country on this subject, and I have reason to think that he is also well aware of the kinds of complaints which have been made against the administration of this department in the past when it was under the control of the India Office.

You may rest assured that no efforts will be spared, so far as we are concerned, in order to try and remove the defects of which mention has been made in the debate to-day. I will go a step further. I will send a copy of this debate to Sir William Meyer so that he may know the feelings of this House, and the opinions entertained by prominent Members of this House, with regard to the manner in which the Indian Students Department should be run in future. Rupees 50,000 for the expenses of the Indian Students Department is, after all, not a very large sum, so that it is not the sum which matters, but rather, I suppose, what the Honourable Members had in their minds, and to which free expression has been given to-day; that is to say, the manner in which the affairs of the Indian Students Department were conducted in the past. I assure Honourable Members that Sir William Meyer is already fully acquainted with the nature of these complaints, and I, as Education Member and a sincere well-wisher, and naturally a sincere well-wisher of Indian students in England, I assure Honourable Members that every step will be taken to see that the affairs of the Indian Students Department in future are run on proper lines.

Mr. S. C. Shahani: Sir, I propose that the question be adjourned.

Mr. A. D. Pickford: Sir, I shall not detain the House for more than a minute, but I did feel that it was desirable in a matter of this kind that a European Member of this House should express his sympathy with the object of the debate that has just taken place. It has been a matter of absolute amazement to me personally for years that, though one heard these complaints made on all sides, from all directions, and by all classes of men, the whole machinery of Whitehall seemed to be unable to remove these defects. And it is a dreadful indictment against the India Office when the Honourable Member for Education has to get up and say that in a matter of this supreme importance, namely, the care of Indian young men in England, the India Office is so busy with other affairs that it cannot attend to so important a duty. I think this Assembly, Sir, should make it perfectly clear to the Government of India that the promise which has been made to *try* and remove these defects must be fulfilled, and that there shall be no question of trying, but that this House will, in a matter affecting the interests of both parents and boys alike, insist that it shall not merely be an attempt, but that the Government of India must, in some way or other, succeed.

Mr. K. G. Bagde: I want to ask the Honourable the Education Member a question, Sir. Will he enlighten the Assembly with regard to the respectability of No. 21, Cromwell Road?

Mr. J. P. Cotelingam: Sir, one word before the debate is brought to a close. I do not think that the Indian Students Department has been able to do for the Indian student in England all that was expected of it. But I do not think that the lurid picture given by Mr. Jamnadas Dwarkadas of the Indian student in England can be laid entirely at the door of the Indian Students Department. To say that the Indian Students Department has done nothing for the Indian student is not the truth. If it has given that valuable handbook or manual for the guidance of students in England then it has to some extent justified its existence there.

I would only add to what I have already said, that what the Young Men's Christian Association has done for the Indian students, is quite different to what the Indian Students Department in the India Office has done. The Young Men's Christian Association has recently established a hostel for Indian students which—as most Honourable Members are

aware—goes by the name of the 'Shakespeare Hut' and, as I have not received detailed information as to the manner in which that host el is conducted, I cannot at present suggest that the Indian Students Department should follow the lines on which the 'Shakespeare Hut' is run by the Young Men's Christian Association.

Munshi Iswar Saran: Sir, in view of the observations which have fallen from the Honourable the Education Member—who practically accepts the criticism made by the non-official Members, and in view of the undertaking given by him that he will send these proceedings to the High Commissioner, and also in view of the fact that there has been a change effected by the department being made over to the High Commissioner in whom the Honourable the Education Member has great faith and great confidence, I shall beg the House to allow me to withdraw this motion.

The motion was, by leave of the Assembly, withdrawn.

Dr. H. S. Gour: Sir, I did not think that at this late hour I should be called upon to move the motion standing in my name, and which runs as follows:

"That the provision of Rs. 1,85,000 for Indian students in England be reduced by one lakh.'

As my Honourable friend, Mr. Sharp, has told you, Sir, unwittingly I am in possession of his book—the Encyclopædia—of information which would have answered all the questions and silenced the whole of this debate which has occupied two or three hours of the time of this Assembly. That was the Pandora's Box of which I am in possession and nobody else is, and, as the proud possessor of that book, I wish to convey to the House the inimitable information which it contains and enshrines. How many students are there in England at the present moment? This book is a review of 4 years' association with the Indian Students Department.

Mr. H. Sharp: Sir, I rise to a point of order. The Honourable Mover is talking about the provision for State scholarships. I doubt whether he is in order, Sir, in reverting to the question which has just passed by about students in England generally and the Students Department.

Dr. H. S. Gour: My friend will no longer be in doubt the moment he indulges me for five minutes. I am not only attacking the circumference of the subject, but the very centre of it, the very pith and marrow of it, the very core of it. This book, Sir, tells us that the total number of students undergoing their studies in England is somewhere near 400, and it points out that 402 students were in touch with the Bureau during the year—the year being 1916. Now, Sir, out of these students a very large number go for the study of law. A smaller number go for the study of engineering; I have no doubt a much larger proportion go for the study of medicine. But of all these students the largest number go for the study of law. And now, the scholarships that are given by the Government of India to students going to England, so far as I am aware, make no limitation, no qualification, no exception against the students who go for the study of law. I happen to know from personal knowledge that students at Oxford and Cambridge who are the Government of India students not only read at the universities for a degree, but they also eat their dinners for the call to the Bar, and I also happen to know that the students are at liberty to follow any course of training in England—all that they are required to do is to pass the examination here and obtain their nomination from the Government of India. Now, I beg to ask you, Sir, is this a satisfactory test of spending money upon students by sending up students from this country to England to follow any training which they may choose to follow? Now, speaking of the students who read at the Inns of Court, we have the following remarks in this book: 'The Report on the Work of the Indian Students for 1916'. And this is a book published over the signature of Mr. C. E. Mallet, who is the Secretary for Indian Students. Now, I will read to you, Sir, a passage—rather a long one, but at the same time a very useful passage which reviews completely the situation, and is, I submit, a complete condemnation of the policy of the Government of India in sending students to Europe for the purpose of prosecuting legal studies. After stating what they do in England for the study at the Bar and reading in Chambers, Mr. Mallet says this:

'But the truth is that the whole system of requiring Indians to come over to England, if they wish to acquire the status of Barristers, is one which may possibly call for reconsideration. The alternative methods of qualifying as an advocate in India involve a long and elaborate course of study and are beyond the reach of most students. It cannot be doubted that they have a right, and must always have a right to come over if they wish to and to seek admission, like other British subjects, to the Inns of Court. It will not be denied that the traditions of the English Bar are great traditions and that anything which tends to perpetuate in India its spirit and its standards is of real value to all concerned. But the question remains, whether the mere fact of coming over to qualify in the United Kingdom if they wish to practice as advocates at the Indian Bar, even with a high level for entrance examination and the additional requirement of reading in Chambers, is of substantial value to many. Can Indian students as a whole gain much that is worth having in knowledge, traditions, character or conduct from a system which leads them to spend three or four years in this country at the most critical period of their lives, cut off from all the associations and obligations of home, to pass a few examinations, to attend a few lectures, to read in law libraries or under a law coach, to look occasionally into the law courts, to dine so many nights in the halls of their Inns and for the rest of their time to see the world too often from the standpoint of a London lodging?

'The fact that many of them work admirably and join universities and take degrees as well, does not of course touch the point raised here,—the question of the system practically imposed. Can it be shown that this system, involving as it does a heavy expenditure for many young men of narrow means, is the best way to maintain in India the high traditions of the English Bar, or to send back the students who come over imbued

with better standards than their own ? On the money question alone, a question which must not be lost sight of, for it often means the difference between success or failure in England—it is melancholy and not uncommon to see a family which can ill afford the cost, and perhaps hardly realises how heavy it will be, raise at some sacrifice the funds necessary to equip and maintain their boy over here, and then find all their labour wasted owing to the risks to which he has been exposed. It is a severe test of character to throw into a new world, out of touch with all restraining influences and without sufficient work to occupy their time, lads of 18 or 19 who may never have had any command of money before. If English boys of the same age were cast adrift in a foreign capital under the same conditions, how many could we reasonably expect to come through the test unscathed ? The theory that we are doing good to India or strengthening the character of the Indian Bar by encouraging Indian students so come over to this country, to go through a training which may be worth little and to face risks which we know to be grave, does not dispose of these questions. It is hardly fair to give young men so trained precedence over experienced pleaders who cannot afford to come here. But that is by no means the most serious objection. It may be worth consideration whether the remedy would lie in making provision for Indians to be called to the Bar in their own country, and to secure in India the legal training they require.'

Now, Sir, in this connection I should like to draw the attention of the Honourable Member in charge of Education as to whether his attention has been drawn to this most unqualified condemnation of Indian students going to England and reading in the Inns of Court for the study of law.

Now, as regards Engineering, this is what Mr. Mallet writes as regards the students going to England for the study of Engineering.

The Honourable Mr. Shafi: May I inquire of my Honourable friend whether he is reading this quotation in order to emphasise his own opinion ? Does he himself hold the same opinion ?

Dr. H. S. Gour : I have just now, Sir, read a quotation as regards students going to study for the law. I will now read a quotation as regards Engineering, and I shall certainly not deprive my learned friend on the other side of the testimony of my own personal experience.

Now, Sir, as regards the Engineering Department, this is what Mr. Campion, the Engineering Adviser to the Indian Students, says. Mr. Mallet says :

" Mr. J. N. Campion, our Engineering Adviser, while noting a decrease both in his correspondence and in the number of students coming over during the year, reports that 19 new applicants consulted him for the first time in regard to Engineering training, that they came mostly from Bengal and the Punjab, and that the standard of education among them was distinctly higher than in years before. And he emphasises again the desirability as regards Civil Engineering of arranging for Indians to study it in India, where the facilities for practical training in it are far more plentiful than here.'

I submit, I am entitled to ask the Honourable Member in charge of Education as to whether his attention has been drawn to this oft-repeated advice given by the Educational Engineering Adviser to the Indian Students Department that it is waste of time and waste of money to send students from India to England to prosecute their studies in the Engineering line. I should like further to know as to how much of this Rs. 1,85,000 is spent upon students who prosecute their studies in Law and Engineering, both of which, I submit, have been condemned by an accredited and responsible agency established under the authority of the Secretary of State for India in Council. I further wish to know as regards the course for Forestry. We have just been told that a large number of students go from this country to England and undergo a course of instruction in Forestry. So far as this book is concerned, it is absolutely silent about it. There is nothing about it at all there, whether there is such a thing as a Forestry course. I submit that this Assembly would not feel justified in voting annually large sums of money approximating about two lakhs to enable Indian students to go to Europe unless it is satisfied that those students who go to Europe profit by their studies. I, therefore, submit that before we vote this amount we must have an assurance from the Honourable Member in charge of Education as to what extent Indian students who are given scholarships profit by their studies in England.

While I was reading a quotation from Mr. Mallet's report my learned friend, the Honourable Mr. Shafi, asked me whether I was prepared to endorse the opinion expressed by Mr. Mallet. As he has invited me to give my opinion I shall do so. When I went to England to prosecute the study of Law I joined the university of Cambridge. As some of my learned friends here have pointed out before, that in the two universities of Oxford and Cambridge there is a very great prejudice against the admission of Indian students, I beg to correct them by saying that I experienced no prejudice of any kind whatever, and all schools and colleges were extremely glad to receive me and I had to make my choice of the college which I ultimately entered. Having done that, I found about 65 Indian students prosecuting their studies at Cambridge in my time, and half as many prosecuting their studies in Oxford. We all used to be extremely happy undergraduates, though we were not under the supervision of the India Office. We were all free men, we could do what we liked, lived in our lodgings, and prosecuted our studies and passed our examinations. My acquaintance with the Inns of Court studies is somewhat slender. The university students of Oxford and Cambridge are entitled to certain exemptions. These are, first of all, that instead of eating six dinners they are only required to eat three, and as regards examinations, if you pass your examination in a legal subject at Oxford and Cambridge, that examination need not be passed over again for the study of the Bar.

For my education I had to read in a Barrister's chamber in London and, judging from what I saw of the students there, I am entirely at one with Mr. Mallet that

most of the students who went for the study of the Bar and lived in London wasted their time, and I, therefore, submit that, so far as the students going to England for the study of the law who do not undergo university training are concerned, it is a sheer waste of time. I have attended the lectures of the Inns of Court with the students not because I was required to do so, but simply because I wanted to see what those lectures were like, and I think that those lectures are mere apologies for the lectures that are necessary to impart real legal training in the subjects in which a would-be Barrister should be grounded. Now, as regards the students who underwent their university training, I have a very good account to give of them. They were all students who had to study hard before they could pass with honours and after three years they passed their examinations and returned to this country. Now, a good many of them were Government of India students who were prosecuting their studies both for the Bar as well as for a degree at the university at Oxford or Cambridge. As I have said before, most of them were Cambridge students. Later on, after taking my degree, I revisited my old University three times and, latterly, my son who went to England was placed under the tutelage of the India Office Students Department and he was there for five years. So that I am one of those who are deeply and directly interested in the India Office Students Department and I went to visit, 21 Cromwell Road to which allusion has been made by my learned friend. I also visited the Advisory Board's office and I also interviewed the local secretaries appointed by the universities of Oxford and Cambridge. Well, I can tell the Honourable Member in charge of Education that when he has promised to reform the system of an Advisory Board in England he has done it none too late. The whole system is far too official to be popular. The whole system is far too rigid and officious, I may say, to be popular with students in England and, now that this Resolution has been accepted, I would ask him to accept my Resolution which is to the following effect :

'That no student in India should be given any scholarship to prosecute his studies in Europe unless he discloses the subject in which he wishes to prosecute his studies there and, if the Educational Department is of opinion that it would be useless to give him a scholarship to go to England to profitably prosecute his studies, scholarships should be withheld from him.'

It is useless to offer a scholarship to all-comers. At present the students who come at the top of the B. A. examination apply for scholarships and then, according to the turn of the university to get the scholarship, the students get it. It does not matter after that whether he goes and reads at any of the approved universities and what subject he reads and whether he receives any real instruction which will benefit the people of this country or not. I, therefore, submit that, so far as this question of assisting the promotion of education amongst the people of this country is concerned, the Honourable the Education Member must first assure himself that it will serve that purpose before he utilises that grant for the purpose of offering a scholarship, and it is with that object that I have given notice of my Resolution and I hope he will be able to accept it in the terms I have indicated.

The Honourable Mr. Shafi : Sir, When I read the terms of the motion of which my learned friend had given notice, I could hardly imagine that the object which he had in view was the one which he has disclosed towards the end of his speech. I could not help feeling surprised that an Indian gentleman, who had himself received education in England and enjoyed the benefits of that education, should ask the Government to strike out of its Budget the sum which they intend to utilise for conferring scholarships on Indian students who wish to complete their education in Europe. My Honourable friend has, during the course of his speech, made what I venture to think was too sweeping an attack on Indian students at the English Bar in England. (Hear, hear.) My friend gave an example so far as university education is concerned. This was the example of his son. Well, if I may give him an example, 12 members of my family have been educated in England and most of them educated at the Inns of Court. Of course, they have received university education at the same time, but most of them came out as Barristers, and I for one can say that I am proud of the fact that these young men who proceeded to England and obtained their education in that country have come out to India and are now useful citizens, discharging their duties as citizens in a manner which certainly has won commendation from the people at Lahore and its neighbourhood. Sweeping condemnations of the kind which my Honourable friend has made to-day against members of the Bar or against Indian students who proceed to England to study for the Bar, unless they are substantiated by anything definite, will, I feel certain, not convince the Assembly of the strength of his position. So far as Indian students who have received education in the universities are concerned, my Honourable friend has himself admitted that their stay in England has been productive of good. Well, in the face of that admission, for him to move as he has done, that this item should be struck out of the Budget is, to say the least, somewhat extraordinary.

Sir, he asks me as Education Member to see that no scholarships are awarded to any Indian students unless, in the first instance, they disclose the particular branch of study which they wish to pursue on their arrival in England. I feel certain that that is a proposition which will not be supported by at least a majority of this House. The Government of India award these scholarships generally to selected Indian graduates in order to enable them to proceed to Europe to receive the benefits of European education. It is for these students to select, on the advice of their relatives or friends, or upon their own judgment, what particular profession or other occupation they intend to adopt. It is not

for Government to thrust upon them the particular line which, in the opinion of Government, may be useful for them. In fact this would be an unwarranted official interference in the choice of his profession by the Indian student in England. These scholarships are awarded, as I said, mostly to selected Indian graduates, not to schoolboys of 12, 13 or 14, or to undergraduates, but to Indian graduates, and invariably to distinguished Indian graduates. Surely, my Honourable friend ought to give these Indian graduates the credit of judging for themselves what is the best profession for them to follow. To impose a condition of this kind would, I submit, be absolutely opposed to all sound principles of selection of careers by the Indian students for themselves. It seems to me, Sir, that in the face of the admission which my Honourable and learned friend has made, that in any case those who proceed to England and join there Oxford or Cambridge or other university, are really benefited by their stay in England, there is absolutely no leg for the motion which he has placed before this House to stand on, and I, therefore, ask the House to reject this motion.

Mr. Eardley Norton: Sir, may I ask the Honourable Member whether he can give us any details as to this Rs. 1,85,000 which we are called upon to vote, or whether this also, like the demand for Rs. 50,000, is to be taken on trust?

Mr. H. Sharp: Sir, we have no details as to this item. All we know is that it is given for State scholarships, including passages and travelling allowance, and in the case of technical scholarships the fees which are paid by them, and of course any special scholarships which either the Government of India or the Local Governments create for particular persons sent Home. And some part of the sum is also given by the High Commissioner to students who are not necessarily scholars, who get into difficulties not through their own fault, or who are doing very well in their studies but just cannot complete them owing to want of funds. The High Commissioner gives sums of money in hard cases of that kind to deserving students.

Mr. Eardley Norton: Will the Department undertake to supply the House with details of this expenditure at a later stage either here or at Simla?

Mr. H. Sharp: Yes; we will ask for such details.

Mr. Eardley Norton: Well, Mr. President, I have only one word to say, and that is this. I do not know where my Honourable friend, Mr. Jamnadas Dwarkadas, gets his information regarding the differential treatment of Indian students at Oxford and Cambridge. We have had testimony to-day in the House to that treatment. I would rather not give any myself because I should have to go too far back into the past; but I want to say this, that when I was at Oxford we had many Indian students there and we were glad to have them. Many of them were our close and honoured friends. One was at my college and shared all our amusements.

Mr. Jamnadas Dwarkadas: How many years ago?

Mr. Eardley Norton: Do you really want to know? 1870. When we come to a later generation, Dr. Gour has told us that during his stay in Cambridge there was no such differentiation made between the Indian and the Englishman, as Mr. Dwarkadas suggests; and I may say, that I, who am very much interested in this question, and for the sake of the fair fame of my own university, have constantly kept myself *au courant* with the feeling there with regard to Indian students—I have made inquiries of young men from both universities, though I am much less interested in Cambridge than in Oxford, and I find the answer to be this. They are perfectly willing to receive any Indian student on terms of equal companionship if the Indian student will not keep himself to himself but will come out and join in the games and associations of Englishmen there. I have no reason to think that my information is not correct. There is, I believe, a strong tendency to-day for Indian students to keep themselves to themselves. They get together into a clique. They will not come out and associate with English boys, and the result is, therefore, a state of things which at any rate during my four years at Oxford—and later - did not exist. If that be true, it suggests that the blame lies very much on the shoulders of the Indian student himself, and I do not think it fair that Mr. Jamnadas Dwarkadas should stand up here and say what I believe to be contrary to the actual facts of the case, that the Indian boy who goes up to Oxford or Cambridge does not receive the same frank welcome as any English boy who also goes to the same university. If he does not, I can only suggest that he does not wish to receive it. Only the other day when I was at Hyderabad—to show how welcome Indians are at Cambridge—I was talking to a young Muhammadan who is in the Nizam's service, whose physique attracted me. And he admitted that this was the result of his rowing in his college eight. This is not the only instance. My own Bar Library at Calcutta is full of young Bengalee Indians who have come back from public schools, from Oxford and from Cambridge, many of whom I know have played cricket for their colleges; some of whom have played football and two or three to my certain knowledge have rowed in their college eights. I think with these facts before us that my friend, Mr. Dwarkadas, owes an apology, at least to the university to which I belong, when he suggests that we are not prepared to receive our Indian fellow-students upon terms of perfectly equal reciprocity and perfectly equal toleration.

Mr. Jamnadas Dwarkadas: Mr. President, may I make a personal explanation? I think my friend, Mr. Norton, is labouring under a misapprehension. I spoke about the Indian Students Department. With regard to Oxford and Cambridge Universities, I said that their doors were not open to a sufficiently large number of Indian students and that is a complaint that not only I make, but one which Mr. Gokhale made also.

Dr. H. S. Gour: My short complaint, Sir, was this, that the Government of India . . .

Dr. Nand Lal: Before the Honourable Mover is called upon to reply, Sir, I may be given a chance to offer my remarks?

The Honourable the President: The closure has been applied, but I shall not exclude the Honourable Member if he will undertake only to speak for a few moments; in that case I will call him. Will he give me that undertaking?

Dr. H. S. Gour: Well, Sir, a very short reply is necessary on my part. I simply intended to draw the attention of this House and of the Honourable Member in charge of Education that he might be more discriminating in awarding scholarships to students who did not go to prosecute their study of law and engineering. My learned friend says that these students are old enough to judge for themselves. So they are. But I think the Honourable Education Member must also remember that he is endowing these students with scholarships from public funds, and he should see that when they go to Europe they profit from the studies which they are called upon to prosecute. The study of law is a very profitable one; but whether they really get any intellectual training is a question upon which I have addressed this Honourable House. As regards engineering, I have already informed the House as to what is the opinion of the expert adviser to the Indian Students Department. I have not the slightest doubt that the Honourable Member in charge of Education will bear these facts in mind in distributing scholarships in future, and in that hope I wish for leave to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: Mr. Iswar Saran does not move the next motion. The amendment next to that is only in order if the Government choose to submit it for discussion, as it is a non-votable item. If the Government are prepared to have a discussion on the matter, I would suggest that we should postpone it to to-morrow.

Dr. H. S. Gour: May I explain my position, Sir?

The Honourable the President: Order, order. The item is non-votable in the estimates here. If the Government are ready for a discussion, then, of course, it can be discussed, but not otherwise.

The Honourable Mr. W. M. Hailey: I think, Sir, that this is a case in which we might give any information which we can to the House; but as it is a non-votable item I suggest that, as a matter of principle, formal amendments on the vote should not be discussed.

The Honourable the President: In that case, the amendment is out of order. Perhaps the Honourable Member had best seek the information by way of question and answer.

Dr. H. S. Gour: Yes, Sir. The first question I wish to put to the Finance Member is . . . .

The Honourable the President: The Honourable Member will have to put his question on the paper.

The question is:

'That a sum not exceeding Rs. 1,07,72,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Expenditure in England'.'

As many as are of that opinion will say 'Aye'.

Rao Bahadur T. Rangachariar: May I speak, Sir? I shall not detain the House for more than half a second.

The Honourable the President: I think I must put it; I have already put it from the Chair.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 1,82,65,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of Refunds of Revenue.'

Refunds of Revenue.

The motion was adopted.

Expenditure charged to Capital.

Colonel W. D. Waghorn: Sir, I beg to move:

That a sum not exceeding Rs. 17,78,11,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of 'Railways'.'

Railways.

The Honourable the President: The question is, that a sum not exceeding Rs. 17,78,11,000 be granted.

Mr. T. V. Seshagiri Ayyar: Sir, before you put that motion, may I point out that another Member has given notice of an amendment to this motion who being unwell has been unable to attend to-day. Under those circumstances, and having regard to the lateness of the hour, I move that the House be adjourned now.

The Honourable the President: The question is, that the debate be now adjourned.

The motion was adopted.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Wednesday, the 16th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—LIST OF DEMANDS—*contd.*

SECOND STAGE—*contd.*

Expenditure charged to Capital—contd.

The Honourable the President: Adjourned debate on Demand No. 51. The original question was:

'That a sum not exceeding Rs. 17,78,11,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March 1922 in respect of 'Railways'.'

Railways—*contd.*

Dr. Nand Lal: Sir, I thank you for giving me permission to speak on this motion. Rai J. N. Majumdar Bahadur is said to be feeling indisposed and I, therefore, venture to take up his subject. I may not be able to do justice to it, but I shall endeavour to offer some suggestions. The motion before us now runs as follows:

'That the demand under the head Railways be reduced by 10 crores.'

The Honourable Mr. Hailey: Sir, may I rise to a point of order? The House will perfectly well understand that we do not in any way wish to restrict the scope of this discussion but desire, on our side, to know whether we are to discuss a motion that the demand under the head Railways be reduced by 10 crores. As that motion has not been formally put, we should like a ruling from you, Sir.

The Honourable the President: The motion the Honourable Member is proposing to move stands in the name of Rai J. N. Majumdar Bahadur. Under the Rules, he is not allowed to take over a motion from someone else; but if he wishes to move a small reduction he can then raise whatever question he chooses.

Dr. Nand Lal: Now the amount for reduction is 10 crores, but it may be 3 crores . . . .

The Honourable the President: Order, order. I am not certain that the Honourable Member has understood me. If he wishes, he may move a motion for reduction to any amount if his object is to save money; but if his object is to draw attention to certain questions of administration, the usual Parliamentary practice is to move for a small reduction, say one thousand rupees, merely in order to raise questions of principle. If he has the good fortune to carry the majority of the Assembly with him in a motion for this small reduction, the Government will, according to the Parliamentary practice, regard that as a vote of censure on their administration of railways. But if the Honourable Member wishes to save a substantial amount of money, then he moves the other question. That, however, for the information of this Assembly, is a very uncommon practice and ought not to be resorted to except on very exceptional occasions. If the Honourable Member wishes to move a motion for reduction in order to speak on the question of railway administration, he is at liberty to do so; but it is not necessary for him to do so because the motion I read out from the Chair just now opens the whole subject of Railways.

Dr. Nand Lal: In that case, Sir, the motion which I beg to place before the House is:

'That a reduction of Rs. 1,000 be made in the grant under the head 'Railways'.'

On this occasion I venture to suggest to this Honourable House that we should try to draw the mouth of the money bag a little tighter, because we have got a number of grievances against the administration of railways in this country. We have offered suggestion after suggestion, day after day, and the railway authorities have responded by giving the stock reply: 'We are doing our level best, we shall try to do this and we shall try to do that', but their efforts have not been fruitful. These grievances which I am going to enumerate, which I am going to narrate to this House, are substantial grievances. Now before I launch into this discussion, I should like to make some remarks, especially in the form of a submission. I, as a Member of this Honourable House, look upon myself as a servant of both Europeans and Indians; of Hindus, Muhammadans, Christians, Parsees and people of other creeds and castes; and if, as a common servant, I try to make out that one of my masters has a better room than another, or one of my masters has a little more comfort than another, then the submission, which I wish to place before you, I hope may not be misunderstood and that I

should not be considered guilty of partiality. The spirit which has prompted me to prove that some sort of difference in treatment exists, is the desire for equality and harmony.

Now I turn to the list of grievances which, I venture to think, will be considered. The first item on that list is the corruption prevalent in the Railway Department. Some Members of this House will agree with me when I say, that at certain railway stations, you cannot get anything until you have 'greased the palms' of the station master. You may say to him : 'I want this wagon loaded, my goods are lying here and they may perish'. Or you may say: 'There is a very good market now and I shall get ample profit'. He will immediately say 'there is no stock', but no sooner you hand over a couple of rupees than the stock turns up. In some instances it is more than Rs. 2, but I want to put my case in a modest way. Then a telegram is sent to the District Traffic Superintendent who replies that a number of wagons are available.

Look at the power of money, when it passes in the form of bribes. The thing, which was not in existence in the railway station, comes into existence after a few hours. Now, is it not a slur on the railway administration? Is it an exaggeration? Petitions after petitions have been made. What serious effort has been made to put an end to this evil? If you went yourself to send your goods from one station to another, if you took the trouble of going there yourself, it is quite probable that on account of your towering personality or on account of your having a great deal of influence, your goods may be received and an invoice or receipt, whatever it may be, may be handed over to you. But if your servant goes there, who is in dirty clothes, he will have to wait for a couple of hours. And how will that time be shortened? I think the remedy is very easy. Pass on one or two rupees and the goods will be received. Is it not shocking that the Railway Department which, in a way, is a dealer and has to deal with the public, and is meant for the convenience of the public, puts the public to great inconvenience? This is my grievance No. 1. I offer the suggestion to the Government that the Government should kindly inform the Railway Department that the public has got a serious grievance against it so far as the question of the Traffic Department is concerned.

So much for the Traffic Department. Now, let us take the Engineering Department which is one of the sub-divisions of the railway administration. In some cases, no contractor is able to get a contract till he has promised some sort of commission to the officer who has got power to give that contract. In some cases, some officers are no doubt very honest. But in some cases it is extremely difficult to get a contract till you have promised some sort of commission. You cannot get payment till you have paid something for it. This also casts a great slur on the railway administration and this was brought to the notice of the Railway Department by some petitioners. The Railway Department, I may say the high officials, are very conscientious, and they are always in favour of improvements, and of removing those grievances in their own way. They have done something, but my complaint is that that something has proved ineffectual. It has not brought about a desirable result. The efforts made by them were not strenuous, were not effective, they were weak. Therefore, I feel justified in offering my suggestion very strongly to the railway authorities that they should put forth very strenuous efforts now and try to impress on the minds of some of their subordinates that they should try to abstain from taking bribes.

I now come to Item No. 2, or you may call it grievance No. 2 on the list of grievances. 'Difference in treatment in some cases, meted out to an Indian and a European traveller.' Both European, and I must confess Indian, officials, pay greater attention to a European passenger than an Indian. There colour is respected. My submission before this House is, that the Railway Department is a carrier. It is a kind of business concern. The colour is not to be seen. The question of payment is the only consideration. Whether a traveller be an Indian or a European, when he purchases a ticket, and is the *bonâ fide* holder of a ticket, he is entitled to equal attention, equal treatment and equal attendance, and my complaint is, that equal treatment and equal attention are not given in practice. It is quite probable—and I am quite prepared to admit, that high railway officials may on some occasions have issued circular letters to their subordinates to keep the letter of the law, and on some occasions have suggested to their subordinates that they should look upon all passengers as equal, but the fact remains that the subordinates and servants of the Railway Department, at a good many railway stations, do not pay attention to this direction at all. Sir, if an Indian is travelling, he may be travelling in a first class or second class compartment, if he says to a railway servant present on the platform 'I cannot get my berth', he says, 'Look for it and you will find it there'. Well, if a European passenger asks for a berth, the railway servant is at his beck and call. If the railway official is an Indian, he will be only too glad to accompany the officer and try to find out a berth for him. Sir, perhaps the other side may launch this criticism against this argument. 'Hullo! he is your own countryman; an Indian! yet he is not prepared to help you. What help can you expect from the Europeans employed there?' There is a cause for it. I do not blame the Indians much. Because, if that Indian traveller or passenger goes to the Station Master, who is a European, and lodges this complaint before him against that Indian servant of the Railway Department, the Station Master will say, 'Well, go to some other man'. Perhaps he may take it in a very light way. But, if the European passenger is put out, is put to some sort of inconvenience or discomfort, and he goes to the Station Master, the Station Master will come out and call upon the Indian servant to explain why he behaved like that. That is the chief cause. Some Indian servants also feel diffident about showing sympathy with their Indian brothers travelling on Indian railways. So, therefore, the unequal treatment which is observed is undesirable. I, as a common servant

of both nationalities, look upon it as my sacred duty to point out this deplorable inequality of treatment. All of us must be in favour of harmony. This inequality of treatment does away with harmony. Therefore, I feel justified in offering this suggestion to the Government with the request that the Government will impress on the minds of the railway authorities that they should see that this inequality is removed immediately.

Then the third item which stands on the list of grievances is this—That some of the railway servants—I mean to say those who are on the running staff—are thieves, they commit thefts. I understand the weight of my responsibility and I repeat it. If you send a parcel containing oranges or apples from one station to another, you need not expect to get all of them. No wonder in some cases if you send *ghee* from one station to another, in all kinds of peculiar ways, they will try to get some quantity of *ghee* out of it. And they take a pride in it. Do you know what they do with the stolen oranges or apples?

They make a present of them to their friends, and they take a pride in it. There is a Punjabi proverb, a very popular one—I must say there must be a corresponding proverb in other provinces too—the significance of which is this. If the fencing wire spoils, damages or eats the standing crop, then the peasant must cry. That is, if the fencing wire, which is called the *bar*, the hedges artificially fixed into the ground to prevent cattle trespass, is going to eat up the standing crop, then there will be no protection available for the standing crop of that peasant. Similarly, if some of the running staff, some guards, who are the custodians, the trustees, of the articles of the public, commit thefts like that, I say, where is there security? It is detrimental to the income of the Railway Department also. Do you know what is the result? If Mr. Joshi wishes to send a parcel of oranges to me, he will entertain great fear that perhaps all the contents may not reach me. Therefore, he will send them through some ordinary traveller, so that, the whole of the basket may come to my hands. Is it not a pecuniary loss to the Railway Department? If I were the carrier, my first attempt would have been to ensure that everyone should send things through me so that I might get the freight. Here the Railway Department loses, so far as the monetary aspect is concerned, and on the top of it gets a bad name on account of some bad servants. The higher authorities are very good and very conscientious people. The Railway, as a concern, has got very good intention, because we see the intention in the railway Act and circulars and standing orders. But some of its servants sometimes play havoc. Perhaps you will say, 'Then the servants are to blame, and not the railway administration. All your talk is idle talk'. I submit, it is not idle talk. It is very useful talk. I shall place a hypothetical case before you to illustrate my point. A is a gentleman. He has got excellent manners, is very polite, very conscientious and very good, socially and morally, and visitors come to see him. Unfortunately he has got a servant or bearer, B, who is posted in the verandah to receive his visitors. A is absent from the house. A tells bearer B: 'If visitors call at the house, tell them I shall be here after a couple of hours'. Now suppose a visitor C comes and asks B: 'Where is your master?' B says: 'I do not know. I can't say when he will come'. C asks: 'At what time will he come?'. B says: 'Sometimes he turns up at the dead of night or he may turn up now'. He does not offer him a seat or a chair. Then C says: 'All right. Keep this visiting card with you'. B replies: 'No, no. I have not got a good memory. Perhaps I may forget to hand it over to my master'. Then the visitor keeps standing there so that some other servant may come. No other servant is available. After all he feels disappointed and goes back. He meets A later on and tells him: 'I had gone to see you on a certain day and you were not at home'. Thereupon A says: 'I am very sorry that I was absent from my house. I beg your pardon'.

The Honourable the President: Order, order. I do not quite understand what the Honourable gentleman's bearer has got to do with the construction of railways.

Dr. Nand Lal: This has got a very close bearing on this point, namely, that the master A is a very good man, but the bearer refuses to receive visitors and A gets a bad name simply because the bearer has got peculiar habits, and does not carry out his duties. That is the bearing. That is the point which I am placing before this Honourable House. The Railway Department's intentions are good, the employers are good, but the servants who have been employed do not look to their duties properly, and thus the master, the railway administration, gets a bad name for nothing. I have brought forward this hypothetical case in order to illustrate my point. Therefore, the suggestion which I put forward very strongly before this House is, that we should urge upon the Government to impress on the mind of the Railway Department that they should try and see that these sort of defects are removed. Some Station Masters don't care to talk to you. If you ask: 'Where is the carriage?', they will say: 'The carriage is there'. 'From whom may I inquire'. 'There is the man'. If you go to that man, he will say: 'It is not my duty'. Now what will be the condition of the mind of the passenger there? Could you believe for a moment that he would admire the railway administration? The uppermost idea in his mind would be, that this administration is very defective.

Now I come to another grievance, the condition of the third class passengers on the railways. Look at the irony of fate of these miserable people. They are the source of income to the railway so far as the booking traffic is concerned. I do not mean to say parcels, but I mean to say so far as the income, which comes from the travelling public, is concerned. They, as a matter of fact, are the best paymasters. Let us examine the condition in which they are placed when they are travelling on the railways. To my mind—I may be making a

mistake—they are not, in some cases, considered any better than chattels. They are in some cases treated as if they are inanimate objects. Sometimes they are put in a wagon which perhaps you would not like to see your horses put in. Sometimes they are put in a third class carriage the capacity of which may not be sufficient to accommodate even 70 passengers, but you will be startled to see that more than 100 passengers are there even in summer. One passenger sometimes has got to support another passenger leaning on him because there is not even standing room. At some stations they cannot get even a drop of water. They ask: 'Where is the waterman?' There is none. And if there is one appointed by the Railway Department, do you know what he is doing? Perhaps he is cooking the food of the Station Master or rendering service privately to the Goods Clerk. The poor fellow is not to blame. He must obey the gentleman under whom he is placed. The railway is not to blame too, because they have appointed a waterman. So far as the railway administration is concerned, we may say: 'Of course, the railway have made this provision. A waterman has been appointed'. And so far as the waterman is concerned, he is not to blame either, because he has to obey the Station Master. The Station Master says: 'Go there; my guests are in the house; attend to them'.

The Honourable Mr. W. M. Hailey: May I have your leave, Sir, to interrupt the Honourable gentleman on a point of order? I wish to point out, Sir, that there are two heads for expenditure on Railways in our estimates. Demand No. 10, with which we have already dealt, deals with the administration of railways and their working expenses.

Demand No. 51 deals with construction of State Railways, and the items of construction of State Railways are shown in Appendix C. It is in no sense desirable that there should be any restriction on the discussion of railway matters, but I wish to point out, Sir, that the Head No. 51 which we are now discussing is not that relating to the administration of railways but that relating to the expenditure on construction and extension of railways.

The Honourable the President: The point of order is valid. The Honourable Member has enjoyed his opportunity. It has taken me some time to go through Appendix C to find out whether he is in order, and I conclude that he is not. I must ask him to address his remarks now to the construction of railways alone.

Mr. N. M. Joshi: A point of order, Sir. I should like to know whether purchases of wagons and new carriages are included in this item or not?

The Honourable the President: That is not a point of order, but only a request for information. I think the Honourable Member should not interrupt the speech unless there is a real point of order. If the Honourable Member is out of order in raising a question, then he may interrupt him, but to interrupt and ask a question for his own personal information is not provided for by the rules of debate and will not be permitted by the Chair.

Dr. Nand Lal: A perusal of the details shows that there is not only the construction of railways, but other items also. Will this House be kind enough to bear with me for a minute and see the remark on the page of Demand No. 51? There is, in a way, a note indicating 'For details see Appendix C', and when I look into Appendix C, I find that there are a good many other things. If I have got a correct copy of Appendix C, then I think I am right in making this submission, that there is not only the construction of railways, but also Open Line Works, Stores Transactions, etc., because the note under Demand No. 51 indicates that for details we should look into Appendix C, and Appendix C dilates upon, in any case, alludes to a number of other things, such as rolling-stock, paying off the money which we owe to the dealers in England from whom we purchased stock, and the outstanding liabilities . . . .

The Honourable the President: Will the Honourable Member show me a specific item which deals with the administration of railways and not the capital cost of construction in various forms?

As I told him, I have given him a very large latitude because it has taken me some time to find out whether he was in order or not. I still give him a chance to prove that he is.

Dr. Nand Lal: I think the very heading which I find printed on the title page of State Railways Appendix C also supports me, 'Capital expenditure not charged to revenue in India and in England'.

So, I invite the attention of the Assembly to the miserable condition of the third class passengers. After referring to this, I may make certain admissions before this House, and they are, that some railway servants are really very useful, they understand their duty, though some are not useful at all. Therefore my submission is . . . .

The Honourable the President: There is nothing under this head which deals with the wages of railway servants.

Dr. Nand Lal: Then the question is, whether what is proposed to be constructed now should be allowed to be constructed? The railway that has been constructed has given us this benefit, this is the treatment that we have got at its hands. I think this new addition will do the same. Should we part with our money, should we call upon our taxpayers to pay for their additional misery? Therefore, my suggestion, in a nutshell, is this, that this House should unanimously reduce the demand by this amount, which is a very small and insignificant

amount, so that the Government may come to know that the people, really and seriously, feel dissatisfied with the administration of the railways.

The Honourable Sir George Barnes: Sir, you have ruled out of order the Honourable Member in practically all that he said, but I hope that you will allow me to say a few words which will be equally out of order in order to give some answer to the charges that he has brought against the railway administration.

The first subject on which he touched was corruption in the railways. I quite agree, and I deplore it, that corruption does exist on the railways. It has been my endeavour ever since I have been in India to put an end to it. You will realise how difficult that is when the public will not help. I came across some time ago a millowner from one of the centres of the mill industry who told me, that he had paid Rs. 50 in order to procure a wagon. I said, 'You are the man that I have been looking for', and asked him to give me particulars in order that we might prosecute the offender and bring the case into Court at once. He fled from my room and absolutely declined to give me any information at all, and said nothing on earth would persuade him to come forward and give evidence. Then I came across an official who told me that one of his servants had paid some money in order to get a wagon for the removal of his furniture. I said again, 'You are the man I am looking for', and begged him to come forward and give me particulars, but I failed to persuade him. That is what happens again and again, and if the public would only help the railway administration, we should put an end to this corruption in a very short time. It is the absence of help from the public that enables this corruption to go on, and I do earnestly hope that every Member here will try and help us in this respect. If they will do this, it will be a real service to the railway administration.

The next subject that I have got down in my note of what the Honourable Member said, is the difference of treatment by railway officials of European and Indian travellers. I gathered that the difference of treatment was mainly by Indians and not by Europeans and I gathered also that the Honourable Member suggested that the Indians took their cue from the European Station Masters. Well, I do not believe that that is the case, and in any case, the European Station Masters are exceedingly few in number, nearly all the Station Masters are Indians. But here again, if the Honourable Member would bring any case to our knowledge and tell us of any differential treatment, he would do us a great service. We are very very anxious to put an end to any differential treatment and I hope Honourable Members will help us in this respect as I hope they will in the other case.

Then the last matter touched upon by the Honourable Member was the accommodation for third class passengers. I quite agree, that it is not good. On the other hand, we must remember, that the third class passenger in India is carried at a much lower rate than any passenger, I believe, in any part of the world. He pays very little and he gets very little. I must say, that the Indian third class passenger does not seem to me always anxious to secure his own comfort.

I have noticed sometimes a third class compartment always empty and the compartment next to it absolutely crammed, simply because they preferred to be close together with their friends. That is sometimes the cause of overcrowding. As I pointed out, sometimes the third class accommodation is not sufficient in quantity or quality and we ought to try to improve it and, if possible, without increasing the cost to the third class passenger.

Mr. A. D. Pickford: Apart from the loss of my Honourable friend Mr. Majumdar's genial presence here, I am quite sure, that this House must be very sorry that he is not present to explain the reason for the somewhat extraordinary motion which is on the paper in his name, namely, a motion to reduce this demand by 10 crores of rupees. One could not help wondering a little what the working of his mind in this matter exactly was. One could only suppose that he said to himself:

> 'I am precluded by the rules of the House from suggesting an increase to this Budget amount. Therefore I must put down a decrease and when I come to speak on the subject I shall propose an increase'.

That is the only theory on which a reduction of 10 crores from an already inadequate provision would seem to be justified. That is a point on which, I have no doubt, the representative of the Railway Board will be able to enlighten us later and, therefore, I suggest that it will be a good thing if he can give a definite assurance to this House that this new construction is confined absolutely to necessary construction, necessary new construction. There is a very strong feeling I know amongst persons connected with commerce and industry, that it is up to the Railway Board to put the existing lines in order before they play about with new schemes. One must comment again on the utterly inadequate provision under this head of 'Railways'. It does not matter whether it is a question of administration or a question of construction. A certain man intimately connected with railway work remarked to me the other day, that we people in India must be the most patient people in the world. He said, that if in any other country in the world railway construction had been so grossly neglected, and I am afraid he was bold enough to use the word 'mismanaged', there would be such a row as would ring from end to end of the country. Well, I think, it is about time that we told the Railway Board that we are nearly at the end of our patience. The war as an excuse is being worked to death. It is now a question of war, but the railways of India were neglected, and grossly neglected, long before the war. I would refer Members to the terms of the

Report of the Mackay Committee and ask whether any very serious effort has ever been made to work up to the programme which was indicated there as the minimum for the maintenance of the railways of India in proper condition. We cannot raise the question now of increasing the sum, but I say this merely in the form of a warning that I feel perfectly certain that commerce and industry, and I believe the general public also, in the interests of general safety and comfort will hammer at this subject until the Railway Board is aroused from its lethargy. Leaving that point, may I, at the risk of being called to order by the Chair, just say one word in reply to the Honourable Sir George Barnes ? He asks for the assistance of the general public in putting down abuses and everybody will be in sympathy with that demand. Let me tell him that a good many years ago, when I was in Cawnpore, I did hand up to the General Traffic Manager of the railway a very gross case of attempt at getting money wrongly. The form it took is an indication that there is a good deal of truth in what my friend, Dr. Nand Lal, said. It consisted of a letter from an Assistant Storekeeper of a certain station. The letter ran :

'Dear Sir, overleaf I give particulars of a bill which I have just passed. Kindly remit 2½ per cent. as all others do.'

I handed up that case. I was subjected by the railway to an amount of oppression that was perfectly monstrous. The case was brought on at Monghyr. I was the only responsible man in charge of my firm at the time. I was twice told that I would be committed for contempt of court unless I appeared in Monghyr. When I complained to the Agent, all he said was, that surely I ought to be satisfied, that my conscience ought to be satisfied, with having done the correct thing. Well, the answer, Sir, that I gave him was this, and I have been true to the answer that I then gave, that nothing on earth will ever persuade me personally to assist a railway in preventing bribery and corruption in the future. It is not a one-sided question at all. The railways do not help either. I am prepared to give full particulars to the Honourable Sir George Barnes of this particular case after this House disperses.

Mr. A. P. Sinha : I beg to be informed whether, in devoting money to the construction of railways, only those railways are taken up which are considered important from a military point of view or whether the popular or the civil standpoint and the convenience of the people and commerce and such other things are also considered.

Mr. Amjad Ali : I wish to say a word or two in reply to the Honourable Sir George Barnes. He said, that two persons came to him with certain complaints, regarding the railway administration, of bribery and that he at once wanted to take steps to bring the wrong-doer to book, but the mode suggested was very difficult. He said to the man who complained, 'You are just the sort of man I have been looking for. You had better bring your evidence and I shall put the man in court'. Well, Sir, I may remind him that nowadays everybody is aware of sections 181 and 211 of the Indian Penal Code. When a man brings a complaint before a court of justice or before a person in authority and he fails to prove it, he knows well that he will be put on his trial under those sections 181 and 211. Now, Sir, he was pleased to ask him to bring his evidence at once. The man very wisely did not do that, because he knew if he failed to substantiate the charge that he brought, the result would be that he would be hauled up before a court of justice for trial. Since if he failed to prove his case, his complaint would be declared false and as a result he would be hauled up before a criminal court.

Sir, it has to be borne in mind that in complaints like this people generally cannot avail themselves of good evidence. Suppose a stranger is treated with incivility by a railway servant. When he goes to the higher authority it is not possible for him to secure good evidence . . . .

The Honourable the President : Order, order. If the Honourable Member wishes to discuss the construction of railways, he may. He cannot continue on the topic on which he is at present

Mr. Amjad Ali : With reference to the ruling of the Honourable the President, I simply say that I am saying something in reply to two grievances. I am just going to submit the mode of punishing the wrong-doer.

The Honourable the President : I have allowed enough latitude on that subject. I have permitted Dr. Nand Lal to say so much and I had to allow the Government Member a similar latitude, but I can allow it no further.

Mr. Amjad Ali : With these words, I beg to take my seat.

Rai Bahadur Bakshi Sohan Lal : Sir, so far as the construction of railways is concerned, I may be permitted to point out that there are some schemes of railway extension which are said to be of absolute necessity and which have been promised over and over again by Government and about which I think Sir George Barnes knows better than myself, but no work in connection with them has up to this time been taken in hand. For example's on sake I may mention some of them. One of them is the extension of the railway from Pathankote in the Gurdaspur district to Nurpur in the Kangra district. Previous promises given about this were many, but in 1914, there was a Camp of the late Lieutenant-Governor, Sir Michael O'Dwyer, at Nurpur and all the people were collected there not only from Nurpur, but also

from other parts of that district. In that large assembly, the Lieutenant-Governor publicly announced on the 25th of July 1914, more than six years ago, that when he came the next year or the next time to that district, he would come by railway at least up to Nurpur, though he stated that there was a scheme to extend the railway up to Baijnath in the Palanpur tahsil and up to Buklo in the Gurdaspur district. But, so far as Nurpur was concerned, the people were led to believe that it would be ready by the next year or at least by the next visit of the Lieutenant-Governor.

There are some other railways of the same nature, one from Mukarian to Talwara in the Hoshiarpur district and a third scheme of railway from Killa Sobha Singh to Lahore *via* Shahdara. There are many other schemes, but I have been constrained to bring these to the notice of the Assembly to show, that, when a head of the Government makes such announcements and they are not fulfilled, it does not look very nice amongst the people. I think that at least extension of railway to Kangra district is one of these schemes, which is of absolute necessity from all points of view, from the military point of view, from the traffic point of view and from the point of view of the convenience of the people. From every point of view, some of these railways are an absolute necessity and when such large amounts are being proposed for railway construction, there is no reason why some of these railways which have been sanctioned, and for which the surveys have been made, should not be taken in hand.

[At this point, Mr. S. Sinha walked down the gangway in front of the Honourable Member (Rai Bahadur Bakshi Sohan Lal).]

The Honourable the President: Order, order. This is a worse case. The Honourable Member must remember the rule about intervening between the Chair and the Member addressing the House.

Colonel W. D. Waghorn: Sir, I am rising to reply to a motion dealing with a somewhat different subject to what I had anticipated. What I expected to have to deal with, was the question of the reduction of our construction vote by 10 crores of rupees. Before I go into this question I think it will be as well possibly if I explain to the Members of this Assembly that there are two distinct sides of railway accounts—(1) is the revenue for the maintenance and working of our lines; and (2) is for the capital expenditure necessary to bring our open lines up to date or for improvements in connection with the working, for additional stock and for new construction. Owing to the very severe restrictions which we have suffered at the hands of the Honourable the Finance Member, we have this year had to cut out all kinds of new construction. Lines which are under construction are in some cases being continued, but no new construction is being commenced. Perhaps if I give the main heads of expenditure under this item "51—Capital Expenditure", it will explain the situation. Out of a total amount of Rs. 17,78,11,000, we are spending on open line improvements Rs. 16,59,10,000 and on completion of lines under construction Rs. 1,19,01,000.

Out of this total of Rs. 17,78,11,000 Rs. 8,63,11,000 is required to meet liabilities already incurred in England which must be met in 1921-22. These liabilities represent the cost of rolling-stock and stores which have been ordered and not yet delivered. Of the amount shown under open lines a sum of Rs. 9,67,23,000 is to be expended on rolling-stock, the deficiency of which at present is a matter of great concern to the public and of anxiety to the Railway Board. The balance is to be devoted to works of open line improvement and of the extension of yards, doubling lines, etc., which are absolutely necessary in order that railways may be able to make the best use of the stock at their disposal.

Now, in regard to the lines under construction, I may mention the following which gives the total expenditure of Rs. 1,19,01,000:

	Rs.
The Khyber Railway	45,40,000
The Onlajori-Badampahar Railway (Bengal Nagpur)	3,24,000
The Amda-Jamda Railway (Bengal Nagpur)	25,00,000
The Bermo-Sawang section of the Bengal Nagpur and East Indian Railways	6,00,000
The Dholka-Dhanduka Railway (Bombay, Baroda and Central India)	5,00,000
The Kasti Coal Fields Railway (East Indian Railway)	4,37,000

Of these items, the second, third, fourth, fifth and sixth, with the exception of the Dholka-Dhanduka Railway, are coal lines.

Then we have the Itarsi-Nagpur Railway which we wish to see completed, 10 lakhs; the Bombay Harbour Branch, overhead connection, Great Indian Peninsula Railway, 10 lakhs; and the Majri-Radhapur Railway, 10 lakhs. This gives us a total of Rs. 1,19,01,000.

My friend, Dr. Nand Lal, took exception to the treatment of passengers and certain other matters connected with the working of the railways. The Honourable Sir George Barnes has already replied to many of these points, but the only matter which I think has any bearing whatsoever on the present estimate is the matter of the urgent necessity of increasing our third class accommodation. That is very necessary, and that we are endeavouring to do.

Mr. Pickford requires an assurance that additional expenditure is to be incurred only against absolutely necessary new construction. If I say there is no additional expenditure against any new construction, I suppose he will be satisfied. As regards Mr. Pickford's

statement about a case of bribery which occurred some years ago, I shall be glad if he will furnish me with a copy of the correspondence and I will have the matter taken up.

Mention was made just now by an Honourable Member in regard to certain branch line extensions. Well, I have already explained that we cannot undertake any extensions. All the money we are getting now is absolutely essential to bring our lines up to date to meet existing traffic, let alone traffic which is coming in future. I fully recognise the shortcomings of the railways, but we certainly shall not be able to improve matters if there is anything in the nature of reduction. The reduction here is in the nature of a vote of censure, but I need hardly say we must have money if we are going to overcome our difficulties.

With these remarks, I beg to oppose the motion.

Lala Girdhari Lal Agarwala: With reference to the remarks made by the Member in charge of Railways, I submit that the necessity for the construction of railways should be taken from the point of view of the public and not only of the Department. There are several districts, even district headquarters, in India which are not yet connected by railway. I might, for example, state that in the United Provinces the important district of Bijnor is not connected by railway, although we have been hearing of a project for a long time past. Similarly, there is another district, the district of Etah, an important district, which suffers from the same disadvantage. So I submit that the necessity for new construction should be the necessity felt by the public and not by the Department.

Now, with reference to the form of the carriages, I submit, that the Department generally constructs railway carriages according to its own lights and does not take the public view into consideration. For example, I myself have travelled to Calcutta, Bombay, Madras, Lahore, Rangoon and several other places and I have come across railway carriages made of different sorts; in some of these carriages there is convenience, in others there is a good deal of inconvenience. So, I submit, that the Railway Department ought to take a few gentlemen from the public into their confidence in planning railway carriages and in other matters also. If they did that, perhaps they would be able to satisfy the public much better than they do now.

Of course it is useless to repeat what has already been said by Dr. Nand Lal, that the railway administration is not at all a success in the estimation of the public. So I submit, that the Honourable Member in charge of the Department would be well advised if he were to take into consideration the opinion of the public, in the matter both of the extension of railways and also the construction of carriages.

Babu J. N. Mukherjea: Will the Honourable Member in charge tell us what has become of the railway lines that were sent from India to Mesopotamia during the War? Have they been replaced?

Mr. Harchandrai Vishindas: And may I supplement the question put by the last speaker by another? What has become of that portion of the Nagpur-Itarsi Railway, the rails of which were picked up and transported across to Mesopotamia?

Colonel W. D. Waghorn: I think I have already given replies to these questions in the form of replies to questions already asked. In some cases, at any rate, we have started replacing the lines. In other cases, where we are very short of permanent-way, there has been some delay in relaying the lines. We are, however, doing everything we can to get them replaced as soon as possible.

As regards the section of the Itarsi-Nagpur Railway, I am not aware that the rails were actually taken up. Rails which were required for Mesopotamia were possibly removed during the war for more urgent work—not removed from the line itself but from the mills. They will be replaced as soon as we can get others.

Mr. S. C. Shahani: May I also inquire as to what has happened about the rails which were taken from the Hyderabad-Badin line and sent to Mesopotamia?

Colonel W. D. Waghorn: The Hyderabad-Badin was one of the lines I had in mind when I replied to the first question. Those rails were taken away, and as soon as rails are available, we intend to relay them. The formation has been made, the ballast has been spread, and everything is ready and only waiting for the rails.

Khan Bahadur Zahir-ud-Din Ahmed: Sir, so far as the construction of new railway lines is concerned, I am for it and not against it. There is a Bengali saying:

'Nâi mâ bhâlo nâ kânâ mâ bhâlo',

which means, whether no mother is better or a blind mother is better. My answer is, a blind mother is far better than no mother. The part of the country I come from—I am a Manickganj man in the district of Dacca—has no railway. It is easier for me to come to Delhi, 1,000 miles away, than to reach my home from the town of Dacca, the distance not being even 50 miles. If the railway is an evil, I say, it is a necessary evil and we must have it, hence I am against the motion.

Mr. P. P. Ginwala: Sir, the Honourable Member for Government has just given the House a certain number of figures as to how this money is to be spent. I should have

been glad to vote double those figures if I were satisfied on one point, and that is a point to which reference has already been made by the Honourable Sir George Barnes and Mr. Pickford. I am in a position to tell the Honourable Member one or two facts which will open his eyes to some extent, I hope. I am referring to the question as to whether the increase in the rolling-stock and in the number of wagons is going to put an end to the corruption which exists – especially in the Traffic Department of most railways. I am only speaking now of one railway, because I happen to know some facts about it which came within my knowledge in the ordinary course of my professional work. I think that if the Honourable Member were to go to Rangoon and ask even some of the biggest firms there, he would be told that there was a system by which regularly every month bills were made out against some of the biggest millers at one rupee per wagon by a section of the Traffic Department. I have seen some of these bills with my own eyes . . . .

The Honourable the President: Order, order. That subject was brought so an end by the ruling before. The Honourable Member must devote himself to the construction vote.

Mr. P. P. Ginwala: Yes, Sir. I was only referring to this question to find out whether an improvement in the rolling-stock and wagons would improve the position. If that is not going to be the case, I propose to vote against the item. That is my position. As I was going to tell you we did draw the attention of the railway authorities to this system, and if the Honourable Member wishes to have these papers I shall send them to him in due course, if I have them. But now let me tell you what happened exactly. A person who was very much interested in getting rid of this system wanted to establish in a court of law that the system existed. First of all, he objected to the payment of the sum of Rs. 5,000 odd—I forget the exact amount now—which was charged against his account which was sent to him by the commission agents and millers. By some mistake or other in the office the amount was allowed to be deducted from the account. He then filed a suit for the recovery of this sum which had been deducted on the ground that that sum had not been paid as alleged to the railway authorities. Evidence was given to prove that the sum was actually paid by the manager of this big milling firm; but the court was not satisfied as to whether he did not get this money or some of it himself, and of course we won the case and got a decree for the amount. It went up on appeal and we found that the appellate court did not want to go into this question. It decided the case on another ground and the appeal was allowed. After that the papers were submitted, if I mistake not, to the Railway Board. Short of evidence which would suffice for conviction in a case of bribery everything had been proved to establish that this custom existed and that the money was paid. Of course I expected that something would be done by the railway authorities and that this particular railway official would be removed forthwith; but, as a matter of fact, he remained there for over two years more or less and has since retired. The public, therefore, are not to be blamed if they do not go to the Railway Board and, if they refuse to give evidence though this man had spent large sums of money in order to establish that this system did exist, nothing came of it. I hope, Sir, that something will be done to mitigate this evil. If you examine the books of almost any big firm, you will find there entries of thousands of rupees to show this money is paid in this way. I myself have seen it entered on books of a very large number of firms.

Mr. Mahmood Schamnad Sahib Bahadur: Sir, speaking about the improvement of the existing systems of railways, I beg to say that if we spend money at all on the improvement of these railways that money must be spent usefully. The Honourable Sir George Barnes has said, it is not the want of third class carriages that is the cause of overcrowding, but passengers like to sit together and so this happens. He also gave an instance—that he saw in a certain station where there was a compartment fully crowded the next one was vacant. In many stations . . . .

The Honourable the President: Order, order. The Honourable Member did not apparently hear what I said from the Chair. That subject is now ruled out of order.

Mr. Mahmood Schamnad Sahib Bahadur: What I want to say, Sir, is, that we should have more superintendents of third class passengers and goods . . . .

The Honourable the President: The Honourable Member may ask for more third class carriages; he may not ask for more superintendents.

Mr. Mahmood Schamnad Sahib Bahadur: If there are more superintendents, there will be less empty third class carriages and there will be no trouble.

Dr. H. S. Gour: I move, Sir, that the question be now put.

The motion that the question be put was adopted.

The question:

'That the grant under Railways be reduced by Rs. 1,000'

was negatived.

Dr. Nand Lal: May I ask for a division, Sir?

The Honourable the President: The Honourable Member is too late.

The original question :

'That the sum not exceeding Rs. 17,78,11,000 be granted to defray the charges, in respect of 'Railways'.'

was then adopted.

Sir Sydney Crookshank : Sir, I beg to move :

'That a sum not exceeding Rs. 3,14,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922, for 'Irrigation in the North-West Frontier Province on works not charged to revenue'.'

Irrigation in the North-West Frontier Province.

The motion was adopted.

Sir Sydney Crookshank : Sir, I beg to move :

'That a sum not exceeding Rs. 1,03,95,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1922, of for 'Delhi Capital Outlay'.'

Delhi Capital Outlay.

DELHI CAPITAL OUTLAY.

Mr. Piyari Lal Misra : Sir, I beg to move :

'That the demand under head New Capital at Delhi (page 361) be reduced by Rs. 1,25,000'.

I beg to refer the House to this page 361 which shows the salaries and allowances of the officers who are appointed to look after the Delhi works. We find here 1 Chief Engineer, 2 Superintending Engineers, 7 Executive Engineers—here I must request the Member in charge for information on the items to which I shall make special reference. 7 Executive Engineers and 6 Executive Engineers—here I want information from the Honourable Member in charge as to what he means by 7 Executive Engineers in italics and 6 Executive Engineers in ordinary print. We find again 2 Assistant Executive Engineers in italics, and 17 Assistant Executive Engineers and 3 Assistant Engineers in ordinary print. There are thus altogether 38 big officers.

Then we come to Temporary Subordinates : after this you have 2 Architects of Central Buildings, and 1 Sanitary Engineer. I believe the latter gentleman is not necessary, for I am informed that the Executive Engineer, 2nd Projects Division, looks after the work of the Sanitary Engineer. Then, we have, in addition to the 2 Architects mentioned above, 1 more Architect. Then, again, after these 3 Architects, we come across 1 Assistant Architect in italics and 1 Assistant Architect again in ordinary print, that is, 2 Additional Architects. I should, therefore, like to have some information from the Honourable Member in charge as to why it is necessary to have 4 Architects.

Again, we have 1 Electrical and Mechanical Engineer. I am told that this Electrical and Mechanical Department can be looked after, and is being looked after, if my information is correct, by the Executive Engineer, Central Projects Division, and by another gentleman who holds charge of a third Projects Division. Therefore, my submission is, that the post of Electrical and Mechanical Engineer should be done away with.

Proceeding further, we come across the miscellaneous appointments, under which head we find Surveyors and Works Assistants and 1 Estate Officer. I wonder what the last-mentioned gentleman looks after, and I should like to know the technical qualifications of this gentleman and the duties he is performing. My submission is, that the work for which the Estate Officer is paid Rs. 11,500 a year, can be looked after by some Executive Engineer or even an Assistant Engineer.

Then we have establishments and Health Officer and Sub-Assistant Surgeons and so on.

Then under Conservancy, there is one Superintendent, and I am particularly inquisitive about this officer, for I do not see, at least I have not come across this gentleman so far, and I do not know what duties he is discharging, whether he looks after the comforts and conveniences of the members resident at Raisina or simply stays somewhere in Raisina.

We have again two heads, Arboriculture and Horticulture, under which there are two Superintendents, one for Arboriculture and one for Horticulture, whose pay aggregates in all to more than Rs. 19,000 per annum. I submit, if my information is correct, that this work is being looked after at present by some Executive Engineer belonging either to the 4th Projects Division or some such division, and, therefore, there does not appear to be the slightest necessity for maintaining these two gentlemen at such a heavy expense. So far as I understand the position, and so far as our knowledge of local affairs goes—of course we are altogether new to New Delhi or Raisina—I do not find there is much field for the exercise of duties on the part of these two gentlemen here who are styled as Superintendent of Arboriculture and Superintendent of Horticulture. The Honourable Member in charge, I am sure, is perfectly aware that in ordinary circumstances, the Executive Engineer looks after these two departments, that is, Arboriculture and Horticulture. Therefore, my submission is, that these two posts of Superintendents of Arboriculture and Horticulture should be abolished.

Then, we come, Sir, to travelling allowances amounting to Rs. 1,03,000 per annum. I am also inquisitive about this question of travelling allowance. I do not know whether the

officers mentioned above go about travelling throughout Raisina from one end to the other or whether they have to go out of Raisina and out of Delhi in connection with their duties to require travelling allowance to the tune of Rs. 1,03,000 per annum. I shall be obliged if the Honourable Member in charge will enlighten me on this item of travelling allowance, as the total expenditure as shown already amounts to no less than Rs. 11,31,000 per annum.

Now, we have been told that this work has been going on at Raisina for the last 8 years, and multiplying this sum of Rs. 11,31,000 by 8 years it comes to more than Rs. 90 lakhs for the total period of 8 years, and we are perfectly certain, and we know perfectly well from inquiries made from gentlemen in charge of the works at Raisina, that it will not take anything under 8 years, if not 10 years, to complete the works, but assuming that the work goes on for another 8 years, roughly speaking, then this whole top-heavy administration will require another Rs. 90 lakhs. That would amount, roughly speaking again, to Rs. 2 crores in 18 to 20 years, that is, the total period from the commencement till the completion of the work at Raisina for establishment alone. I submit, Sir, this sum of Rs. 2 crores is almost tantamount to the expense of the administration of a small province, and this is really very high. We were complaining yesterday and the day before yesterday that we have in the North-West Frontier Province a top-heavy administration. My complaint to-day is that this New Delhi Province is equally top-heavy, for I should like to know distinctly and very clearly the necessity of maintaining so many officers, Architects after Architects and Engineers after Engineers, whether these gentlemen are kept in Raisina always or whether they have to go out, what duties they perform, in fact on all these points I should like to have some information. I must make it perfectly clear to the House that I have not the slightest desire to embarrass the Government with regard to the construction of works in New Delhi, and in my opinion, the sooner the works are finished the better. But surely we must ask them to look also to economy and the reasons for the necessity of maintaining so many officers. For if we go on keeping such a large staff unnecessarily, it will mean a heavy burden to the poor taxpayer, and he should be relieved of this burden to a certain extent, at least to the extent I have mentioned here. The amount I propose to reduce is very small, *viz.*, Rs. 1,25,000 from the total provision. I, therefore, specially appeal to the House to look to this item of expenditure, and I, hope the, House will support me and support very warmly on this motion.

Sir Sydney Crookshank: Sir, if I may be permitted to do so, I should like first to answer to the criticism which has been levelled at the establishment item, namely, Rs. 11,31,400. Now, Sir, the Honourable Member who put forward this motion has been singularly unfortunate in his attack on the establishment charges of the Delhi Province P. W. D. from the shelter of the glass house which he lives in when I inform him that the establishment charges of the province which I understand he represents and which, I may also state, is my own province, namely, the United Provinces, amounts to no less than 19 per cent. on the works charges; whereas the Delhi percentage only amounts to 11·8 per cent. on works charges and is, with the exception of Hyderabad, where nothing is doing, the lowest percentage charges for P. W. D. in the whole of the Indian Empire. Elsewhere, in provinces like Madras, Bombay, Burma and the Central Provinces, the establishment percentages amount to 23 per cent. and they are 21 per cent. for Bengal, 18 per cent. for the Punjab, 24 per cent. for Bihar, 24½ per cent. for Burma and so on and so forth.

The Honourable Member made reference to the very large number of officers who carry out Public Works duties at Delhi, but I must point out to him that Delhi is not merely the New Capital. As I stated the other day, Delhi comprises the New Capital, the Notified Area, the Provincial Civil Works, the Dehra Dun Forest Institute and the new Cantonments, and the total expenditure under all these heads being somewhere over Rs. 1,50,00,000 per annum, the establishment which is here detailed is by no means excessive, and, as I pointed out, is really a very reasonable one. The Chief Engineer (shown voted) is an officer who has recently retired and has been re-engaged under an agreement, and we thereby save the whole of his pension charges; so I think the House will admit that that is a good bargain, especially as we have an exceptionally experienced officer in Mr. Keeling.

The Superintending and Executive Engineers which he refers to are some of them voted and some of them not voted. As regards these officers, I may mention, that there are only two circles, whereas, were the work in full progress, as I hope it will be, there should be 4 Superintending Engineers and not 2. We are running on a low establishment in that line. Coming to the Executive and Assistant Engineers, these are the officers in charge of divisions and sub-divisions and these numbers also include the usual leave allowances. I can assure the Honourable Member who put forward this motion that there is no excess at all in the number of divisions and sub-divisions; we are working with an absolute bedrock minimum for efficiency.

Similarly, with the subordinates. The subordinates are entertained as and when they are required with the exception of those who are on the regular cadre. A number are temporary and they are only taken on when they are actually required and their appointments come under reduction when there is no longer full work for them to do.

I now come to the two architects of the Central buildings. These two architects are, I think, I may say without saying too much, the leading architects of the day in the whole world. The one, Sir Edwin Lutyens, is the leading architect in England, and the other, Mr. Baker, is a specialist architect whom we got out from South Africa. The other architects to which the Honourable Member refers, three in number, are the junior architects whom we

in the Public Works Department employ in carrying out the designs of works which are not entrusted to these two specialist architects. Their duties are to design bungalows and quarters and all the minor buildings which we purposely do not give to the senior architects in order to save the commission fees which would otherwise have to be given.

The Honourable Member then criticised the appointment of the Electrical and Mechanical Engineer. This officer is a very distinguished officer indeed and he is the Electrical and Mechanical Engineer of the Delhi Province. Nearly every other province has an Electrical and Mechanical Engineer and it has been found to be absolutely necessary to have one here in view of the very large electrical and mechanical problems which have to be considered, the big projects which have to be drawn up and the miscellaneous work in that direction which has to be done. I must emphatically state that it would be quite impossible to devolve these duties on the separate electrical and mechanical engineers who are now in charge of divisions under him. You must have a head man, and in Mr. Pitkeathly we have got an exceptionally good head man.

Then, as regards works assistants, these are expert workmen and works foremen we have got out from South Africa and from England to actually supervise the details of the several classes of work of which they are in charge. If any of the Members of this Honourable Assembly have by any chance visited our stoneyard at Raisina (which I may mention for their information is one of the biggest stoneyards or works in the whole world) they may have met the gentleman in charge, Mr. Cairns, and that gentleman looks after all the stone which is produced in that yard, and I may point out that he does it extraordinarily well. The class of work which is done in our yard is, I consider, absolutely unrivalled anywhere in India. While I am on the subject of that stoneyard, it may be of interest to Members to know that that installation is of the very greatest educational value. We get a very large number of stone-masons from the Punjab and Indian States, these men come there and work for 18 months on an ordinary daily wage and then leave having learnt their profession, and when they leave that stoneyard they command a very much higher wage than any other stone-mason in the market, so that, from the point of view of technical instruction, it is well worth while keeping up that yard.

I think the Honourable Member criticised the Estate Officer. I dare say most Members here know what his functions are. He has charge of all the Government bungalows, whether they are constructed by Government or hired by Government, and also all the quarters. Incidentally, he has charge of the hostels in which some of the Honourable Members of this Assembly are at present accommodated. The total number of houses in his charge is 179. In addition to that, he has to look after about 274 quarters which are constructed in the European style and some 998 quarters in the orthodox style for the accommodation of Indians. I do not think that any Member of this Assembly will say, that this officer is superfluous in any way. In fact, I may add, that he is extremely hard worked and it is a very thankless and difficult duty which he has to perform in keeping everybody satisfied. Then, I think, the Honourable Member referred to his qualifications. Well, his qualifications are those of an estate officer in England; that is to say, an estate officer to a big property or to a big concern. I do not know that it requires any specific technical requirements or education, but it requires a great deal of common sense and *savoir faire* together with general knowledge and tact, and I think the officer in question carries out his duties very well indeed and to the satisfaction of all concerned.

Coming next to the Health Officer, he is an I. M. S. officer who is in charge of all the New Capital sanitation and has to see that the conservancy measures are properly carried out, that compounds are kept clean, that roads are properly swept, and so on and so forth. It is a full-time job and I cannot think that it would be possible to do away with the services of this officer without incurring very grave risk indeed of epidemic disease.

The Superintendent under 'Conservancy' would be the man who supervises the conservancy arrangements such as those vessels which pass in the night we sometimes hear and more often smell when they go round their rounds. His duties are very unpleasant and he has a difficult task before him. Obviously we cannot get rid of him.

The next item which was criticised was agriculture and horticulture and the Superintendents in charge of those duties. These gentlemen are both experts in their particular line. As Honourable Members who have motored round the roads must have noticed, there are still miles and miles of roadside trees which have to be planted and in a large number trees have already been put in and they have to be maintained. Then, there is also the maintenance of grounds and gardens, for example, round the Gardwara and the Jantamanta and down the Central Vista. There is also the reforestation of the Ridge which is being carried out, but unfortunately there is very little being done owing to a lack of water and funds; there is also the work connected with the laying out of the grounds of the houses as they are completed. We cannot construct a house and leave it absolutely bare. It has to have its paths with bricked edges, some hedges and beds entailing an ordinary amount of horticultural outlay and upkeep.

As regards the details of the item of Rs. 1,03,000 for travelling allowances, I had better explain this by saying that they are made up of motor-car allowances, cycle allowances and various other allowances for the subordinate staff. I cannot give the exact figures in each particular case, but owing to the great distance between Raisina and Old Delhi, and the inconvenience and expense to which officers are put in travelling between those places, and the

places round about Raisina in the execution of their duties, such as going on inspection visits to cantonments and elsewhere, it was decided, with the concurrence of the Finance Department, when the work was commenced, that certain motor-car allowances should be given to officers in lieu of the ordinary travelling allowances to which they would be entitled under the Civil Service Regulations.

I trust that the explanation which I have given—perhaps somewhat faultily as the motion went into great detail—will satisfy the Honourable the Mover and also the Members of this Honourable House that the establishment is not—as I pointed out when I gave percentages—by any means excessive, but, on the other hand, is a very low one compared with the size and importance of the work which is being carried out.

I hope in the circumstances, therefore, that the Honourable the Mover will withdraw his motion.

Rao Bahadur T. Rangachariar: Sir, I wish to give expression to what I feel on this matter. We all desire that New Delhi should soon come into existence in a completed state, so that the staff may be better housed and the Members of this Assembly be better housed. It is no use reviving the old question as to what the Government have been doing all these years. The movement began somewhere about 1911 I believe, and in 1913 they started to commence on New Delhi at Raisina. For seven weary years they have made progress there—progress which I venture to think is not satisfactory—and if the Finance Department is unable to give more money to the Department in charge of the works in order to push on with the buildings which are so urgently required, then I say, there is no use in keeping up this costly establishment; and the costly establishment of specialists who have been imported for specific duties. We have nothing to say against those specialists, their work is of value as will be seen from the plans and designs which they have from time to time placed before us, but if the Government will not lay out the money, we cannot afford to keep them here. Therefore, it is incumbent upon the Finance Department to find the money. The money will be well spent.

I hope no questions will hereafter be raised in this Assembly by my Honourable friends that we must have a change of capital. It is too late. We have embarked upon Delhi and we should stick to it. I therefore implore the Finance Department to find more money to push on with the completion of the New Capital. The money will be well spent, because I have noticed from the buildings already in course of completion that the money has mostly been spent in the country. I noticed that the money has been spent upon materials which have been produced in the country. All this goes to keep up a large number of the population, it finds them work and thus they find comfort. From the plans which have been put before us, I hope to see—at least in my term of office in this Assembly which I believe is three years—the completion of the New Council Chamber at Raisina, and I hope to assist in transacting the business of the country there. But at the rate at which we are progressing, I am afraid that my hope will not be realised unless the Finance Member is able to give an assurance to this House that he will be able to find the money somehow. If he cannot give us that assurance, I shall be inclined to vote for this motion which will affect the establishment in a manner not altogether desirable. If pressure can be brought upon the Government by threatening to disband the establishment which they have imported, I for one would be sorry. But I only suggest this, because I feel very strongly that the rate of progress which is being made is something of which we cannot be proud and I am afraid that we must hang down our heads when we are approached in the matter. But it is no use finding more funds than the Department can spend economically. I do not think these 80 lakhs or so which have been provided for works expenditure are adequate for the purpose. You could spend much more; and if you do spend more year by year it will be a very useful expenditure indeed.

I should also like to say that unless trees grow in abundance in New Delhi it will not be a habitable place, and I am sorry my Honourable friend, Mr. Piyari Lal Misra, has objected to them. We are trying to make New Delhi habitable by growing those avenues which we find all along.

And I think it will be easy in three or four years more to grow these trees in abundance and, if this water supply is more abundantly secured, it will be possible for them to grow these trees as fast as you would like. I should like to see those lawns also— beautiful lawns—in another two or three years, so that, if a dust-storm comes, we will not be drowned in dust but will be safe. And, therefore, when I say I am in sympathy with the motion for the reduction of the establishment, it is because I feel that more money should be spent on the works that I am in sympathy with this portion. But, on the whole, now that we have brought this defect to the notice of the Government, I hope they will put on more speed in building these new works.

Mr. R. A. Spence: Sir, I very cordially support what my Honourable friend, Mr. Rangachariar, has said. I think it is the feeling of this House that the quicker we get on with New Delhi the better, and the cheaper it will be to the nation if we can complete the New Capital of Delhi quickly. I do not pretend to be a financier but I was told by one gentleman who, I believe, knows something about it, that if the Finance Member were able next year—I quite know his hands are full this year—to raise a loan, that a loan sufficient to complete Delhi in a very short time could be raised, and at an interest of, I think the figure was 6·435 per cent. free of income-tax, an annual charge on the revenues of India of 40 lakhs would wipe out that debt and the interest in forty years. Now, is 40 lakhs a large sum to have

to spend every year on this New Capital? The capital is worthy of India. It has been designed on most magnificent lines. The architect is a man of great imagination, I think, and great breadth of view and we have all got to be extremely glad that he has designed the capital on these large lines, and, if we could only go ahead with it and get this Delhi Capital built quickly, we should save a large amount of money, we should save these various expenses which the Honourable Member who moved this reduction has mentioned. And, I do hope, that some means will be taken in this House to let the Finance Member know that it is the wish of this House that the work on New Delhi should be proceeded with very quickly and that, if necessary, a loan should be raised for the purpose.

Mr. B. H. R. Jatkar: Sir, the motion which stands in my name covers the same ground, only I suggest a reduction of 3 lakhs instead of 1·25 lakhs. It is rather surprising to find in the statement on page 361 that the usual procedure of giving the comparative figures of the previous year and this year, and also of the staff of officers already engaged and which is to be engaged for next year is not followed. This information is not given in this Table. So far as my information goes, the whole of this staff of officers is not yet in employ and some of them are to be engaged for next year. I would say that about 6 executive engineers, one assistant executive engineer, 7 assistant engineers, 2 storekeepers and so on, are yet to be engaged. I would like to know something about this, and should be obliged if the Honourable Member will give us the necessary information. I would put this matter again on a question of principle, Sir. If we refer to page 67 of this explanatory note that has been given to us, it will be found that in the year 1920-21 Rs. 111 lakhs were spent on works expenditure and the amount spent on salaries and supervision was 10 lakhs. For the coming year, it is said there, that 88·69 lakhs of rupees will be spent on works expenditure, and 11·31 will be spent on supervision. Even out of this, the actual amount for construction of the buildings is only 30 lakhs. It is said there, that Rs. 30 lakhs will be applied mainly to works on Government House, the Secretariat, and other buildings. So it comes to this, that for an expenditure of about 11 lakhs on supervision, you will get an output of works and construction of Rs. 30 lakhs. I think there should be some reasonable proportion in the output of the work and the amount spent on supervision. This appears to me to be rather extravagant—to appoint so many officers when the actual work to be constructed is worth only Rs. 30 lakhs—or even taking it as stated there, Rs. 88 lakhs. As pointed by my friend, Mr. Rangachariar, it would have been better if the works were expedited, but until we can obtain more money for more constructive works, I think, we should not engage officers and spend money on supervision. I also join with my friend, Mr. Piyari Lal Misra, in his motion for the reduction of the grant for travelling allowances for this staff.

I move, therefore, that out of this sum of Rs. 11 lakhs, a reduction of three lakhs should be made. This could be done by not increasing the staff or appointing the new officers, or, if these have already been engaged, by dispensing with their services, so that we could engage them after we have found more money for constructive works.

Mr. N. M. Joshi: Sir, there is no one who does not want good roads, good water supply, electric lights, and lawns and such other conveniences. But, Sir, in ordinary cities and towns and in this ordinary world these services are paid for by those who enjoy them. But this New Delhi seems to belong to some other world. Here, it is the Government that pays for everything, pays for roads, pays for trees, pays for lawns, pays for water supply, electricity and what not. Sir, in this Budget there are two items to which I should like to refer specially. One is Rs. 14 lakhs for irrigation and the other is Rs. 14 lakhs for electric lights. I do not know what sort of cultivation we are going to have in this New Delhi—whether sugarcane or something else. Perhaps it may be that this irrigation is intended to supply water to the gardens of the good people that are going to stay in this New Delhi. Then, as regards the electric lights, we have already got an electric plant. We already see electric lights in almost all the roads of New Delhi. I do not know why a sum of Rs. 14 lakhs is necessary in addition to all that has been spent for electric lights for this small tract of country.

I would like to make one suggestion, Sir, *viz.*, that this New Delhi should enter now the sphere of the ordinary world, that a Municipality should be formed for the benefit of the residents of New Delhi, and that this Municipality should be administered by the residents of the City so that the charges for services which are required by the residents will be paid by the residents as the residents of other cities pay.

I should like also to make one remark about the establishment. In spite of the explanation that was offered, my feeling is, that the establishment is too large. I cannot imagine what work some of these officers are doing.

Mr. S. C. Shahani: Sir, I want to say just a word with regard to this Demand. I am at one with my Honourable friend, Mr. Rangachariar, when he says, that we should go ahead with the construction work and complete it as early as possible. I am not one of those who would look askance at what has been done here and who wants to pretend, that without the convenience of the trees and lawns that are referred to here, life would not be worth living. It is true that a lawn is required for other purposes. But if we have gone in for laying out New Delhi, it is only in the fitness of things that we should see that our schemes are properly worked out and enforced. I have, however, to say just one word with regard to the trees that are grown here. I am told that two expert Superintendents are in charge of our arboriculture and horticulture, and yet I do not find the trees attaining to any great height. I suppose they

have been in existence in some cases for about 8 to 10 years, and yet I find that their growth is very stunted. Perhaps there is something the matter with the soil—the sub-soil is very hard and clayey; perhaps they are not being watered properly; or perhaps they are not being manured or otherwise properly treated. Evidenty the expert knowledge of these two Superintendents has not been reflected in the height of these trees.

Bhai Man Singh: Sir, reference has been made first of all to the comforts that we require in New Delhi. I am quite at one with my Honourable friend, Mr. Joshi, when he says, everybody on this earth wants comfort. But I would at the same time agree with my Honourable friend, Mr. Joshi, that those who want comforts should have those comforts at their own cost, and a very plausible method has been proposed by Mr. Joshi. I do say, that I am not of course quite insensible to the effects of beauty and devoid of æsthetic sense. I love beauty and I admire natural beauty. But, at the same time, I would say, that we have no right to feed our æsthetic sentiments at the expense of the poor taxpayers of India. And I cannot find any justification whatsoever why we should think that we should be better housed—or to quote the actual words that this Assembly should be better housed—as soon as possible—when we really know that the country is actually starving and suffering not only in the sun, but I would say, that many of them are quite unhoused; and they are not even fed. While representing a country like that, I for one am not prepared to advocate that we should at all try to have comforts very soon or even in the near future or at all if need be. I would like to suffer without all these comforts but would not like to add a single pie, or would like to add the least possible burden on the poor tax payer of India.

Well, then, there are lawns. Lawns have got their own beauty and it is said, they save us from dust as well. I am not prepared to say that I cannot do without a lawn or that I cannot do without beautiful trees for one or two or three years more in Delhi. The point in question is not whether the climate of Delhi would require a lawn or would require trees? But the question is, that while we are undergoing a financial crisis, where is the need for having all these so soon and why should we supply money for these demands this very year? The real point before us is, we have spent so much already in the buildings. Of course, if you do not push them on, we are bound to suffer financially. That is the question when we look at it from a business point of view. My Honourable friend, Mr. Rangachariar, for whom I have got really very great regard, has suggested that if the Finance Member could provide more funds, he would be willing to vote for the establishment expenses as they are demanded.

Rao Bahadur T. Rangachariar: I did not say that. What I said was, that more money should be provided for pushing on with the works.

Bhai Man Singh: That is what I say also, that if more money could be provided for the new buildings, then you would vote for them. That is all. I do not think I have said anything wrong.

Well, Sir, we actually see that just at present we have not got enough money to spend more on the New Capital. Then there is absolutely no reason why we should not reduce our present establishment so that they might not be a heavy burden on our finances. There are two alternatives before us. One is, that we should supply more money towards the building of the New Capital and the other is, that if we cannot do that, we should reduce the establishment so that officers whom we have engaged may not have to loiter about and may have sufficient work. I would go further and say, that luxuries like arboriculture and horticulture may be very easily postponed for a year or two. I am not against having beautiful lawns but I am against having beautiful lawns at the cost of the poor taxpayer and in these critical circumstances when we are driven to the verge of bankruptcy.

The other question which I would like to put before the House is, that we would like to know how many Indians are employed on these works. There is no reason why a very good share of the appointments should not come to Indians when we have got so many qualified Executive Engineers who have been trained in England on an exactly equal footing to that of many of the European Engineers.

I shall refer to one more point. So far as I understood my Honourable friend who spoke on behalf of Government—if I understood him correctly—he said that the junior architects are employed in order to design the bungalows and the houses so that Government may not have to pay extra commission for having them designed, perhaps by the superior architects. This leads me to believe, that the superior architects are not only given their salaries but perhaps they are paid an allowance as well for designing. I speak subject to correction. I may have misunderstood my Honourable friend. But that is how I understood him. If this is so, I find no justification for that.

I would draw the attention of the House to one fact more. We find that the New Delhi is being built on a very large scale and in an elegant style, such as poor India cannot afford to have. It is all very well to satisfy our sentiments and say that we have got the very best experts, we have got the best things of this sort and that sort. But are we rich enough to have those first-class things, which would be incomparable with any similar things on the face of earth?

Suppose I am a poor man, and my son comes and tells me:

> 'Dear Papa, I want to have a coat which is incomparable with any of the coats used by my class-fellows or school-fellows.'

I would say :

'My dear boy, I love your sentiments. I do not want to discourage you. But I am too poor to pay for that.'

I may have a motor-car, perhaps as costly as the one that my friend, Mr. Seshagiri Ayyar or Sir Sivaswamy Aiyer has got, or even a superior one like the one which the Maharajah of Nabha has just purchased and which everybody went to see. People may say that Bhai Man Singh has got a motor-car the like of which no other Member has got. But Bhai Man Singh will become bankrupt if he wants to buy a motor-car at a cost of Rs. 50,000. You will excuse me for my frankness. We do wish that we should have the best things on the face of the earth. But is India a very rich country that she should have the most beautiful and most elegant things? If not, I would suggest now, or at some other time in this House, that we should examine how far we can, even though we have advanced to a great extent, curtail further designs. Of course, I know, that foundations have been laid, and that the structure has advanced to such an extent that it is not easy to say that we should change all the designs in order to reduce the expense. But it is quite possible that many fruitful results may be achieved if some of us put our heads together with those of the engineering heads and just try to curtail further the expenses which will be incurred on the New Delhi buildings. I am sure that the Honourable Members of this House will see the reasonableness of my object, and with these remarks I heartily support the motion put forward by my friend, Mr. Piyari Lal.

Sir Jamsetjee Jeejeebhoy: When His Imperial Majesty King George and His August Consort came to India in 1911, they opened a Durbar and made a declaration that Delhi was to be thenceforth the capital of India. There were some murmurings at the time about the suitability of Delhi as the capital of India, but we have all now honoured Their Majesties' Commands and we have become reconciled to the fact that Delhi has got to be the capital of India. With that view, Sir, a programme suitable to the dignity of the Indian Empire was prepared by the Government of India with the idea of making Delhi an Imperial City. Well, Sir, owing to the war that programme has had to be curtailed to a very large extent with the result that unfortunately we find ourselves somewhat in difficulties at the present time.

But, Sir, in spite of the difficulties, I do not think we would be justified in tinkering with the lay-out of the capital as intended by our advisers whom we have brought out from England and other parts of the Empire at such great cost and expense. I would, therefore, agree with my Honourable friend, Mr. Rangachariar, and suggest to Government the advisability of their making up their minds as to the amount of money they want to spend on the capital and making a grant outright. This sort of tinkering, I submit, is not economical. It is inadvisable from more than one point of view. We have our standing charges which have to be met, and the longer we spread over our expenses the more will those standing charges ultimately grow.

My Honourable friend, Mr. Joshi, complained about the lighting of Delhi that it should not be undertaken at the expense of the general taxpayer. When you come to think, that it is not the capital of one province but that it is the capital of the whole of India, I think that argument falls to the ground. Besides, Sir, if you will permit a little digression on my part, the lighting at present of the New Delhi is not what it ought to be. I have heard that motor-cars have gone off the road into the ditches at the sides of the road. I believe the police arrangements in Raisina ought to be better looked after. I see policemen at every corner of the streets in Old Delhi, but for miles and miles I do not see any policeman in New Delhi.

Another grave complaint I have got to make, if you will permit me, Sir, is, that there is no doctor available in its vicinity. The other day, our Honourable Colleague, Mr. Darcy Lindsay, was suddenly taken ill and I heard that it was two hours before a doctor could be summoned. These are the difficulties under which we labour, and at a time like this, when we think of making Delhi our permanent capital with the idea of ultimately giving up the annual sojourn to Simla, I think no expense should be spared to make Delhi what it is, the Imperial Capital of the greatest Dependency of the British Empire.

Chaudhuri Shahab-ud-Din: Sir, when the capital of India was transferred from Calcutta to Delhi this Assembly was not in existence, and perhaps the item to be spent upon the construction of the New Capital was not a votable one. The fact we have to face is, that the capital has been transferred, and that now it is our duty to make Delhi what it ought to be. Without money, of course, Delhi cannot become an Imperial or sovereign city as it should. Some gentlemen have suggested that there should be no electricity, that there should be no lawns, and that those who want these luxuries must pay for them. It must have occurred to everyone in this Assembly, that if we are required to pay for the electric fans we have got in this room surely we shall find it rather irksome to pay. A hostel is being constructed for accommodating the Members of this Assembly at Raisina. Are any of the Members prepared to pay for that building? Do the Members expect that the Governor General of India should call upon the British Exchequer to provide money for the construction of his residential house here? It is indeed very easy to argue, that the taxpayer should not suffer. But who should suffer? Are the Members of the Executive Council—Dr. Sapru, Mr. Sarma, Mr. Shafi and others—expected to build their own houses for their residence here? Delhi is the capital of India and it is India which has to bear the charge of its construction. The construction

has been started. We cannot leave it half-way. It has got to be completed, and we should, like true Indians, contribute liberally toward the completion of New Delhi, and see that Delhi becomes a sovereign city in fitness with the position of India in the whole world. It is no use appealing to the feelings of Members and pleading the poverty of India. Well, India may be poor or rich. She has to live, and live on the face of the earth as one of its biggest countries. India is poor to us. Ask Great Britain. Is not India one of the richest countries in the world? Ask other nations. Is not India a rich country? Even assuming for the sake of argument that India is very poor, as she is depicted to be, is it difficult for her to afford a few crores for making Delhi a sovereign city? We should not try to deceive ourselves. We must face the facts boldly. A large amount—several crores—has already been spent and we cannot now leave the Imperial city unfinished. We have to finish it. Therefore, I agree with my Honourable friend, Mr. Rangachariar, that the Finance Member may be requested to find funds so that the larger working expenses might be possibly decreased still further. At any rate we should not grudge voting for the demand which we are asked to grant.

Mr. Eardley Norton: I confess, Sir, I was extremely surprised to hear my Honourable, and I believe learned, friend, Mr. Man Singh, pose as the apostle of asceticism. It astonished me to hear him say, that he wished to do without all the amenities of civilised life, such as electric lights, fans, lawns, water or those other things which make existence tolerable if not satisfactory. He tells us that he prefers to submit to the accustomed dust and dirt of the places he frequents rather than to the proposed conveniences in Delhi. He says he wishes to suffer. By all means, let him suffer—but suffer alone. I strongly protest against the suggestion that we, who are not ascetics, should be called upon to participate in those sufferings. Most of all am I astonished at this new pose of my Honourable friend because on the division on the exodus of this Assembly to Simla, when I voted for remaining in Delhi and enduring all the privations and unpleasantness of the climate of that city, my Honourable friend voted for the heights, the solitude, the luxuries and the delights of Simla. Though I do not wish to fill up the Honourable Member's cup, I will express the hope that the next time he takes up this position and attacks us as claiming more than our fair share of the amelioration of civilised life, he will choose some other Assembly than this in which to air his views.

I really rose, however, to get some information on this question; as to what are roughly the terms of the contracts under which the two special architects, for whose work I have nothing but the greatest admiration, are at the present moment working under Government. Are they working for a definite period, or for a period coterminous with the completion of the building? I should like to know how this sum of Rs. 1,45,000 is divisible between these two officers. I wish to know whether this sum includes their passages backwards and forwards to and from England, whether their passages are included in their salaries, or whether their passages are to be included in the lump sum of Rs. 1,03,000 which, I see, is put down as the sum for travelling allowances. In putting this question, I desire it to be thoroughly understood that I am not in any way questioning the righteousness of their appointments or of the propriety of the salaries which these gentlemen are drawing. I quite agree with all that has been said in appreciation of Sir Edwin Lutyens. I should be sorry if Mr. Baker did not also receive some public recognition of the admirable work he has been, and is still, performing.

Lala Girdharilal Agarwala: The question before the House may be divided into two parts, temporary measures, such as lawns and so forth, and permanent buildings. Now I submit respectfully that, so far as the temporay measures are concerned, we can cut off the expense and strike out that portion for the present till New Delhi has been built up. So far as the permanent buildings are concerned, I would say that it is necessary either that the work should be postponed till we can get sufficient funds to continue the work and finish it within a year or so or allot more money at present and start the work vigorously. But so far as the works of contractors is concerned, I am sorry to say from my long experience of over 21 years at the Bar, that I have found that at least some engineers, I am sorry to say, are not quite satisfied with their pay. I have seen the accounts of contractors in which I have found regularly '5 per cent., 5 per cent., and 2½ per cent.' which shows that these contractors when there are a lot of officers have to spend much more than what they would have otherwise to spend if they had only to deal with a few officers. Now even in Delhi I have been offered the services of contractors for a building which I intended to construct at a much lower rate than that at which they do work for the Government, and this is certainly a very deplorable circumstance. But all I can say is, that it is not necessary to have a top-heavy administration of 'the Public Works Department' or as some people call it 'the public waste department'. Now I find one instance on page 202 of this big book. There is an item of 'Establishment salaries' and then there is the architect's fee for preparation of the design for the Forest Research Institute, Dehra Dun, Rs. 21,000. Then just above that, we find the cost of that building put at Rs. 4,49,000. Now from calculation it comes to 21 per cent. so that if we have to pay such heavy sums as 21 per cent. merely for designing I fail to understand how it is proposed to make the poor taxpayer pay all this heavy expense. Now in fact the charges for designing and planning should be to some extent proportionate to the actual work done. For these reasons I think that the proposed expenses are too heavy and should be cut down materially.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Assembly reassembled after Lunch at Twenty Minutes to Three of the Clock. The Honourable the President was in the Chair.

Colonel Sir Sydney Crookshank : Sir, I propose to confine my remarks at present to the specific points which were raised by the Honourable Members who have joined in this debate so far. I will commence with a reference to the complaint as to the establishment charges which was raised by my Honourable friend, Mr. Jatkar, and I would explain to him that the increase to which he drew attention is owing to the introduction of the Provincial Services and also to certain increases in pay of officers and subordinates which have recently been sanctioned and are now coming into effect.

As regards the general complaint as to the amount of the establishment charges for the Public Works Department of the Delhi Province, I would point out that these are, as far as possible, really *pro rata* with the amount of the grant which is provided after it has been cut down by the Finance Department. It is impossible to make exact reductions because certain officers, especially officers of the specialist class, must be kept on and, if their salaries came under reduction, it would mean that we should lose their services altogether as we should not be able to get them back again. I may mention incidentally that it is extremely difficult to get officers of the very high class attainments which we require for work of the nature which we are undertaking here in connection with the construction of the Imperial Capital of India, because the Provincial Governments are themselves all very short indeed of officers, and are distinctly loath to part with them, and more so to part with their best men. If, therefore, we have to reduce the establishment to a very low minimum, it means that we lose men whom we shall not be able to replace.

The Honourable Mr. Joshi inquired about the irrigation and electric light and power items. I would explain to him that the charge against irrigation is towards the provision of a pumping station for irrigation purposes as opposed to drinking water supply, and this is necessary because we are introducing the water-borne system of sewerage as far as we can, and our present temporary pumping station and arrangements are wholly inadequate to perform the task which is thrown upon them. Consequently, we are unable to extend the installation of water-borne sewerage throughout the New Capital. This is a very necessary expense because lack of suitable flushing of drains and of sewers leads to unhealthy conditions and a general state of dissatisfaction.

This unfiltered water supply is also required for the maintenance of the roadside trees which the Honourable Members have themselves seen. Any complaint as to their lack of growth is greatly due to the fact that we have been unable to give them sufficient water.

The electric lighting power item is one in connection with the permanent installation of electric power and light in the New Capital. At present we are running on temporary arrangements which are insufficient to give any more house or road lighting, and also in sufficient for us to proceed satisfactorily with the construction works and drive the many electric power plants which are required in connection with the work. As the case now stands, we are using poles, ordinary ballies, in order to take our high tension wires, and this is not only very dangerous an itself but is also highly unsatisfactory. We propose, under this item, to replace those ballies by armoured poles and to lay the permanent lines together with the sub-stations for the distribution of light and power throughout the area.

Then, Sir, my friend Mr. Shahani inquired why trees had not made better progress. I have just now stated that the chief reason for this is that we have not got sufficient water to give them the supply required to promote more rapid growth. But, at the same time, I would point out to the Honourable Member that these avenues are only of 5 or 6 years' growth at the outside, and they cannot be expected to be much stronger and bigger than they are now. The system we have adopted there is to plant temporary trees, that is to say, quick growing trees, alternately with the slower growing trees which will eventually be the avenues of the main roads of the Capital.

My friend Mr. Bhai Man Singh inquired if the two architects were given salaries—at least I gathered that was what he wanted to know. I may state, for his information, that they do not get salaries in the same terms as the three architects who are employed by the Public Works Department, but they do get subsistence allowances while they are out in India. He also inquired as to the proportion of Europeans to Indians. I have not been able to go into this in full detail, but I gather that there is not really very much difference between the members. On the engineering side we have 18 Indian and some 22 Europeans . . . .

Bhai Man Singh : I mean in the higher posts.

Colonel Sir Sydney Crookshank : That is to say, these are officers—Executive Engineers and Assistant Engineers. There are at present only two Superintending Engineers and one Chief Engineer, and these three officers are Europeans. Four Assistant Engineers and 14 temporary Engineers are Indians. Rai Bahadur Bishen Singh is in divisional charge. In the Public Works Department we aim at a proportion of 50 per cent. of Indians, and we shall endeavour to maintain that average here, but of course it may vary from time to time. Incidentally I may point out to him and to this House that any reduction of this establishment grant will fall very heavily on the Indians themselves, as they are for the most part under the vote of the House, the appointment in italics being non-votable.

My Honourable friend, Sir Jamsetjee Jeejeebhoy, complained that there were insufficient police, the lighting was insufficient and the arrangements for medical attendance defective. These are matters which I can assure him will be referred to the Chief Commissioner of this Province.

Then my learned friend Mr. Eardley Norton inquired into the forms of contract which were in force with the two head architects, that is to say, Sir Edwin Lutyens and Mr. Baker. These two gentlemen are under covenant with the Secretary of State on terms which were below pre-war rates at the time, and are now very much below those sanctioned and accepted by the Royal Institution of British Architects. The terms as such are very favourable to Government, but I may mention here that the architects are really suffering a great hardship under this covenant, as they are bound down to their original contract, whereas the rates in England have all gone up. This is, however, a matter which has been referred to His Majesty's Secretary of State. Additional to percentage commission, the architects get special fees while they are out in India, in the shape of a subsistence allowance to keep them going out here, and they also get their passages to India and back every year. Those are the terms . . . .

Rai G. C. Nag Bahadur : Can you mention the amount of the allowance received by these architects while they are in India ?

Colonel Sir Sydney Crookshank : So far as I can say, and I am speaking from memory, it is ten guineas a day. They do not get any salary at all. What they make is entirely on the fees according to whether they are levied on engineering or non-engineering services, the latter being paid at a lower rate to the former. The travelling allowance to which I have referred, that is to say, the cost of their journey in and out from England once a year, is not a charge against that item of Rs. 1,45,000, at page 361, but is a charge against the general item 'Travelling Allowance' Rs. 1,03,000.

Now, my friend, Mr. Agarwala, made a reference to the Forest Research Institute, for which we are asking and for which this House has given us Rs. 4,49,000 in this Budget, and he points out that the incidence of Rs. 21,000, given at page 202, appears to be altogether disproportionate.

I would mention, however, for his information that the whole cost of the Forest Institute at Dehra Dun is not, as I presume he thinks, Rs. 4,49,000, but will probably be somewhere in the neighbourhood of Rs. 60 lakhs. It is a very big scheme indeed, and we are only on the fringe of it so far; so that the architect's fee of Rs. 21,000 does not bear any relation to the item Rs. 4,49,000.

Sir, if I have the permission of the Chair and the indulgence of this House, perhaps it will assist Honourable Members to frame their opinions on this very big subject if I give them a rough review of the position generally. I may state that I enter on this very important subject with a considerable degree of trepidation. In fact I feel in the somewhat unpleasant predicament of a dog which, while one small boy is offering him a dainty morsel of meat, another small boy is tying an empty can to its tail; that is to say, that whilst, on the one hand, my kindly and humorous friend, Mr. Majumdar, recommended to this House that the grant for the ensuing year for the New Delhi Capital should be raised by Rs. 10,00,000, which motion was of course disallowed, and while several other Members of this House are, I think, of the opinion that the best way of dealing with the problem we have before us here is to spend more money year by year and get on and get in, on the other hand, a number of Members have raised motions for reduction. I would point out to those Members, that a reduction of the present grant which we are asking for really falls on the numerous poor workers who are employed in the construction of the various buildings and roads in the Capital. We have very heavy commitments for engines, pipes, bricks, stones, timber, etc., which we are bound to fulfil. So that the wage bill—and we are employing somewhere in the region of 15,000 workmen per diem on these works—will have to bear the first charge of any reduction on any grant which is decided upon by this Honourable Assembly. That is to say if, for example, Mr. Kamat's reduction of Rs. 25 lakhs be decided upon by the Assembly, nearly the whole of that amount, or at any rate fully Rs. 20 lakhs of it, will fall on these unfortunate workers. These are men from the Delhi province, Sikh carpenters and other workmen from the Punjab, masons and other labourers and mistries from the United Provinces: and these are the men who will mainly suffer by a reduction, because we will have to close down the work on the central buildings on which we are employing a very large number of men.

The position as regards the actual expenditure on the New Capital is as follows: I will not give you the details year by year from 1911 to 1921; but the amount, including the expenditure likely to be incurred this year, is Rs. 4,80,45,732. Now this is against a sanctioned estimate of Rs. 9,17,04,300. But owing to the fact that the work has been protracted, that rates and prices have increased abnormally as a result of the war, that many other new items have been introduced, such, for example, as the hostels in which Honourable Members are accommodated, the revised estimate which we have now in course of preparation amounts to Rs. 12,91,80,000; so that, supposing we take the expenditure up to date at Rs. 5 crores, we have still to incur an expenditure of Rs. 8 crores in order to complete our Capital. Now at the rate of rupees one crore a year, that is, at the rate we are asking the Assembly to give us this year on account of the financial stringency, we cannot obviously finish the work under about 8 years; but if, as I hope and as I understand the sense of the House rather indicates, we speed up construction, it is to be expected that we should complete the work in say, five years' time.

In this item of Rs. 13 crores which goes to make up the total expected expenditure on the whole of the Capital in order to make it fit for the Government of India to go into possession, we have specifically entered an item of Rs. 73½ lakhs for the construction of the new Legislative Councils block. This block comprises the Legislative Assembly, the Council of State and a small section for the Chamber of Princes. This section for the Chamber of Princes comes to about Rs. 5 lakhs out of the total of Rs. 73½ lakhs. In the centre of this circular group of Chambers, as I dare say some of you will have noticed from the designs which have been exhibited, there is a large domed lobby which will provide the library which, I think, my learned friend Mr. Eardley Norton expressed so keen a desire for. This central lobby will also be available as a common meeting ground for prince, senator and commoner, and also for joint meetings of the Houses, the reception of addresses from the Throne and for such like general purposes of an important nature. We have only included an item of Rs. 30,000 in our next year's grant for this particular block, the chief reason being that the financial stringency to which I have referred before does not permit of our entering upon this very large work in a more business-like manner.

The present position of the work, I may say, is that in general the foundations of this great city, the foundation of which was laid by His Majesty King George and subsequently cemented in this Chamber by His Royal Highness the Duke of Connaught, who also recently laid the foundation-stone of the Legislative Chambers of the future in the New Capital, have been laid out and the superstructure is in hand. The position is roughly that the Government House work is nearly one-third finished; the Secretariat blocks somewhere about two-fifths; and the residential buildings about three-fifths finished. We have still some 52 officers' bungalows, 73 European style quarters and 16 orthodox quarters to construct before we shall have finished the present programme of construction of residential buildings, which in itself is only about four-fifths of the total required. So we have still a very large building programme ahead of us before we can accommodate the whole of the Government of India satisfactorily and comfortably at Raisina.

As regards the roads, as Honourable Members will have seen for themselves, we have constructed practically all the main roads and now have to carry on the construction of service roads and maintain those roads which have been constructed. Where we are behindhand is in engineering services, and that is where we ought to make a special effort to push on in order that we shall have our electric light and power, sewerage and drainage and water supplies on a thoroughly satisfactory basis.

I hope what I have explained, and I have stated it very briefly, will give this Honourable assemblage some idea of the position. It amounts to this, that, if we shut down the works on this Imperial Capital now, we will add yet ruin to the many ruins of this ancient city of Delhi. If, on the other hand, we only carry on with a low annual expenditure—and one crore of rupees is, I would inform this House, distinctly low for a work of this magnitude—it will be a counsel of despair. Every member will realise that there is something approaching an economic speed in most things, that is to say, for steamers, locomotives, motor-cars, works or anything else. The economic speed of the construction of the New Capital is not at the rate of expenditure of Rs. 100 lakhs per annum, still less is it at the rate of Rs. 75 lakhs per annum. The economic speed should be more like 150 lakhs, and better still 200 lakhs per annum. Lastly, one must realise, and I do not think I need point this out to this Honourable assemblage, that, raised from the glories of the departed cities of the great Moghul Emperors of the past, and based on this Imperial enclave as the place of birth of the free democratic institutions which the reformed Government has now introduced, we have to look forward to the day when, as I hope, and I am sure this House will see it in the same light, we have for our Imperial Capital an Empire city which is worthy of this great land of India. We shall have, I hope, Legislative Chambers, Secretariat and other buildings which are equal to, and worthy of, the dignity which this Assembly and the other Chamber demand. In fact, we shall, I hope, raise an Imperial city which will be the equal of any of those of the other countries of the world, which will be the admiration of all, and which will truly represent the position of the Indian Empire as the head partner of the greatest Empire which the world has ever seen, the British Empire on which the sun never sets.

Mr. M. K. Reddiyar: May I ask the Government, Sir, to say if the work of construction of New Delhi is done departmentally by Government or is done by any private firm of engineers?

Colonel Sir Sydney Crookshank: As far as possible, the work is carried out by contract, but of late, owing to the very great increase of rates and wages and in the cost of materials, we have had very great difficulty in getting any contractors to take up our contracts. Consequently a good deal of our work has had to be done by daily labour, and I may mention that the construction of the hostels in which the Honourable Members are now accommodated is being done by daily labour, and could not possibly have been done under contract within the time and cost.

Mr. Sambanda Mudaliar: May I know if the provision appearing on page 362 under the head "Sanitation," *viz.*, Rs. 6,31,000, is a recurring grant or is it only for this year?

Colonel Sir Sydney Crookshank: That item refers to drinking water supply and not to the irrigation water supply which I explained previously. It is not the total amount of

the cost of the water supply. It is a portion of the whole amount which we hope to spend next year in laying a permanent water supply for the city.

Mr. Harchandrai Vishindas: May I inquire how much has been spent on the hostel in which we are accommodated, and what will be the total cost up to the end?

Colonel Sir Sydney Crookshank: I regret to say that I cannot give the Honourable Member exact information on the amount spent on the hostel, but the total expenditure on the two hostels will be about Rs. 13 lakhs, which sum may eventually come to about Rs. 13½ lakhs, including fittings, furniture, etc.

Lieut.-Colonel H. A. J. Gidney: Sir, I shall not weary this House by entering into the merits or demerits of Delhi as the capital city of India. This we must relegate to the archives of the past. I stand to-day not only as one who does not support this retrenchment, but as one who desires to emphasise the necessity, as has been suggested by the previous speakers, of expediting the work of New Delhi. I heartily endorse every word that has been uttered by Mr. Eardley Norton, Mr. Spence, Sir Jamsetjee Jeejeebhoy and others. This piecemeal construction of New Delhi seems to me a method which has nothing to commend itself, but has much to condemn it. If we go on at this rate annually spending only a few lakhs, or as Sir Sydney Crookshank has just told us that he has allotted only Rs. 30,000 for the new Legislative Assembly buildings, we shall not only be deprived of the pleasure of sitting in the Assembly, but we shall, as the years roll on, have to allot funds to preserve our ruins as well as to erect our new buildings. In other words, ours is and will be a 'ruinous' policy and I am sure that by the time the New Delhi is completed and is fit to be called the capital city of India, many of us will be fertilising the trees that have been recently planted there and whose slow growth has been questioned to-day in this House. For these reasons, Sir, and especially after my appetite and desire have been whetted by the beautiful pictures seen to-day in the adjoining room, I for one would support the previous speakers in saying that we should push on with the erection of our New Capital. The pity is that it has been so long delayed. The greater pity is that a loan was not raised at a time when money was obtainable at a much lower rate of interest. But, even with the money market as it is to-day, I submit that a loan should be raised exclusively for the completion of New Delhi. This House, I feel sure, would be interested to know from the Honourable Sir Sydney Crookshank which, in the long run, would be more expensive: The speedy construction of our New Capital as suggested by us, or the present piecemeal method extending, as it will, over many many years, during which period an expensive staff will have to be entertained, not omitting to mention the inconveniences and hardships at present felt by them, as also the annoyance and discomfort we Members have to endure motoring for miles over dusty roads. I feel sure the former would be the cheaper, and with our New Capital finished the pleasures of long dusty motor drives would be then experienced by the Honourable Government Members.

As far as Mr. Joshi's contention is concerned, *i.e.*, 'expense on the lighting', I think Mr. Joshi himself was very considerably inconvenienced the other night when he found we had no light to continue our meeting at Raisina. Sir Sydney Crookshank has just said it would be better to annually spend about Rs. 2 crores. This, Sir, I submit, would take another 5 years, at the end of which period not one of the present Members of the Assembly here would have had the pleasure of sitting in our new Assembly rooms. But in the expediting of the construction of New Delhi I wish to add one note of warning, *viz.*, that efficiency of work should not be sacrificed.

In dissociating myself from this demand for a retrenchment, I support very heartily the previous speakers that we should expedite the work, and if the House is in favour of it, that we should raise a distinct and separate loan specially to build the New Capital. This, I submit, Sir, is due to the Assembly from Government.

Mr. Jamnadas Dwarkadas: I move, Sir, that the question be now put.

The Honourable the President: The question is that the question be now put.

The motion was adopted.

The Honourable the President: The question is:

'That the demand under the head 'New Capital at Delhi' be reduced by Rs. 1,25,000.'

The motion was negatived.

Mr. Sarfaraz Hussain Khan: Sir, the motion . . . .

Certain Members: Withdraw. Withdraw. Withdraw.

Mr. Sarfaraz Hussain Khan: If the House does not accept my motion that is a different thing altogether.

The motion that I have to move runs thus:

'That the provision for New Works for Delhi Capital outlay be reduced by Rs. 5,05,600.'

I have worked the total in the following manner:

Rs.	
24,000	Minor Works.
36,000	Parks and Gardens.
50,000	Minor Works.
2,00,000	Preparation for sites.
1,95,600	Minor Works.
5,05,600	

If the Honourable Members will kindly look at page 362, they will find that I have not touched the items which are in respect of works in progress.

Even regarding the items under the head 'New Works,' such as the 'Government House', 'Electric Light and Power', 'Irrigation', 'Sanitation', etc., which I thought might arrest the progress of work during the year, I did not propose any deduction.

After these few remarks, I do not wish to take up any more time of this Assembly, and I leave the matter to the decision of Honourable Members.

The motion was negatived.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 1,03,95,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st March 1922 in respect of 'Delhi Capital Outlay'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding one crore of rupees be granted to the Governor General in Council under a new Demand, No.153-A., to defray the charge which will come in course of payment during the year ending the 31st March 1922 for capital outlay on the 'Indian Telegraph Department' not charged to revenue.'

Indian Telegraph Department.

In making this motion, Sir, I wish to explain very briefly to the House my reasons for putting it forward. In the original Demand, under Head No. 12, a sum of 210 lakhs was provided for capital expenditure (that is, *pro forma* capital expenditure charged to Revenue) on the Posts and Telegraphs Department (page 58). Of that sum of 210 lakhs, 12½ lakhs were provided for the Indo-European Telegraphs, leaving 197½ lakhs for the Indian Telegraph Department. When we discussed this matter before, Mr. Samarth raised the question whether the whole of this expenditure, being really of a capital nature, should rightly be debited to Revenue. We ourselves, after examining the case, found that, though there was a good deal of expenditure in that 197½ lakhs which was of an unproductive type, yet there was a considerable amount, such as that on wires and telegraph installations, which we could justifiably put down to Capital.

I therefore accepted on behalf of Government, and the House accepted on its own behalf, a motion that a sum of one crore of rupees should be transferred from the Revenue to the Capital head. I need not say, Sir, that the effect of this is that the deficit is reduced by one crore; the deficit is, of course, a revenue deficit. Capital expenditure forms no part of it, and the purport of my Resolution is this—in the shortest words—that this one crore of expenditure should be removed from the Revenue side to the Capital side and therefore be met from loan funds. To that extent, Sir, therefore, my present motion is only of a formal nature, intended to give effect to an amendment already accepted by the House itself; the House will remember that the exact terms of that amendment were that one crore of rupees (it was one crore 10 lakhs in Mr. Samarth's original Resolution) should be transferred to the Capital account. I, therefore, Sir, beg to make this motion.

Mr. N. M. Samarth: Sir, I had tabled a motion to the effect that the whole of this new Demand be rejected. My object in doing so was to elicit from Government what I considered was the effect of the vote that was passed at my instance the other day on Demand No. 12 on Posts and Telegraphs. The result of that vote had been misinterpreted to my disadvantage in certain quarters outside this House—in a certain section of the press. And I thought it necessary, when this new Demand came for the approval of the House, that I should have an opportunity of eliciting from Government that their view of the matter was the same as I pressed upon their attention the other day, namely, that as the result of my criticism the deficit was reduced by one crore. Nothing that this new Demand now asks the House to do is going to alter that fact—I wanted to make it clear to this House and to everybody outside this House that this is the real nature and effect of this new Demand, and I am glad the Honourable the Finance Member has put the matter plainly before this House. Sir, as my object has thus been served, I do not now press the motion.

The Honourable the President: The question is that the demand be granted.

Rao Bahadur T. Rangachariar: Sir, may I ask, with your permission, whether this crore cannot be diverted to New Delhi?

Dr. H. S. Gour: Sir, may I ask a supplementary question whether, in view of this saving, the Honourable the Finance Member would not remit the increase of postal charges on letters and postcards?

The Honourable the President: That is hardly a question. That is a controversy.

The Honourable the President: The question is:

'That a sum not exceeding one crore of rupees be granted to the Governor General in Council under a new Demand, No. 53-A., to defray the charge which will come in course of payment during the year ending the 31st March 1922 for Capital outlay on the 'Indian Telegraph Department' not charged to revenue.'

The motion for demand was adopted.

Disbursements under Debt, Deposit and Remittance Heads.

The Honourable Mr. W. M. Hailey: Sir, with your permission, I will make this motion. (The President had called on Colonel W. D. Waghorn.)

Sir, I beg to move:

'That a sum not exceeding Rs. 13,71,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of expenditure from funds deposited by 'Railway Companies'.'

Railway Companies.

I may, perhaps, explain to the House, Sir, that by an error the details of this have fallen out in printing, page 363, but this is purely a deficit operation and I do not think the House will require any additional information on the subject from me.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 2,18,07,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Discharge of Permanent Debt'.'

Discharge of Permanent Debt.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 1,53,98,29,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Discharge of Temporary Debt'.'

Discharge of Temporary Debt.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 21,56,98,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Discharge of Unfunded Debt'.'

Discharge of Unfunded Debt.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 1,09,83,18,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Deposits and Interest-free Advances'.'

Deposits and Interest-free Advances.

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 2,15,43,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Loans and Advances bearing Interest'.'

Loans and Advances bearing Interest.

Mr. B. Venkatapatiraju: Sir, knowing as I do, that the House is anxious to close this Budget discussion, I do not propose to take up much of your time. But I find it my duty to place before you and before the Government what I feel about certain matters which can only be discussed under this head. My point is, whether sufficient provision has been made this year for carrying on the new irrigation projects. We have provided nearly Rs. 17 crores for the extension of railways. Nobody grudges it, and if we had more money we would have offered more. And I should have been glad if an equal amount or any large amount was provided for new irrigation projects also. We know that irrigation is now a 'transferred' subject and, therefore, the cost should, in the first instance, be borne by the Provincial Governments. But we find from the various reports in the papers that the Governments have no adequate sums for carrying on important projects. We know there are many projects which require expenditure to the extent of Rs. 60 crores which are necessary in the interests of the country.

And out of the small sum of Rs. 1,97,50,000 provided under this head I do not know what amount is provided for irrigation projects to be given to the provinces. There is this difficulty. It may be the fault of the Provincial Governments that they have not asked for more funds in order to defray the cost of construction of irrigation works, or if they did ask the Central Government and the latter refused to allow them any larger amounts, I say the fault lies with this Government. If we know where we are, if we think that there is neglect on the part of the Local Governments to carry on the works, we can bring pressure through our local legislatures upon the Local Governments concerned to put forth their claims in order to get more funds, either by themselves borrowing with the permission of this Government or asking this Government to give them an additional amount to carry on their projects. If the Local Governments have already applied and this Government have not granted them the sums, then it is our duty to press upon the attention of this Government that more funds should be made available for that purpose, because, though we are anxious that railways should be extended, we are equally anxious to promote irrigation, knowing as we do that this country depends entirely upon agriculture, and the Government themselves in several of their reports admit that agriculture and the growth of agriculture mainly depends upon irrigation, and irrigation can only be provided by providing adequate funds.

So far as the Madras Presidency is concerned, we have our Cauvery project, our Kistna Reservoir project, the Tungabadra project, the Periyar project costing some crores. Also in Sindh we have a project, and we have in other provinces equally important projects. I may mention:

The Sing Sagar Doab Canal costing 8 crores,
The Sukkur barrage project 11 crores,
The Bhakra Denschen project 11 crores,
The Cauvery Reservoir project 4 crores,
The Sarda Canal project 8 crores,
The Sutlej Valley project 5 crores,

and various other projects which are absolutely essential. With reference to this matter, my appeal is that if the Local Governments are not sufficiently alive to this, the Central Government should make it their duty to press upon the attention of the Local Governments not only the need for bringing these new projects into existence, but of carrying them out at an early date, if possible, and, if necessary, the Central Government should be in a position to offer them the necessary funds in order to carry out these projects. Unless these things are done, India will never prosper.

The Honourable Mr. W. M. Hailey: Sir, I must begin by congratulating the House that Madras does not, at all events, agree with some of the Bengal representatives on a subject which I myself, at all events, have very much at heart, namely, the promotion of irrigation. Now, Sir, I am going to proceed by evading, if I may be rude enough to do so, a direct answer to this question, and I am going instead to ask the Honourable Member himself one question, and another Honourable gentleman sitting in this House, though not a Member of it, another I am going to ask Mr. Raju if he knows of any case where we have refused funds for an irrigation project in which he is interested, or have refused a loan for these purposes to any Local Government. And I am going to ask the Honourable Mr. Sarma who is sitting here, and who is in charge of the Irrigation Department, to tell the House whether I have exhibited in respect of irrigation that horrible habit of restricting, or of denying the necessary expenditure, which I have perhaps not without justice been alleged to have practised in regard to other departments?

The Honourable Mr. B. N. Sarma: I wish that the Honourable Mr. Hailey had addressed to me a similar question when the point was the provision of money for capital expenditure in Delhi. With regard to the expenditure on irrigation, the department over which I have the honour to preside have approved of various projects and recommended them to the Secretary of State for sanction, and some of them have been sanctioned. We have addressed the Local Governments on the subject and asked them as to what they intend to do by way of financing those projects.

We have not yet heard from the Local Governtments as to whether they mean to borrow the money themselves or ask the Government of India's help in that respect. I am not aware that any Local Government has approached, through the Public Works Department or the Revenue and Agriculture Department, for any assistance from the Government of India in this direction, or that the Finance Department has refused it. Speaking about Madras, to which the Honourable Member, refers, the only important project which is ripe for execution is the Tanjore project or the Mettur project, but, owing unfortunately to disputes between the Mysore Government and the Madras Government, it has not been possible to push on with that project, and we are expecting every day some amicable solution of the matter, so that funds may be provided either by the Madras Government or the Government of India for the construction of that project in the near future. I think, therefore, it will be to the advantage of Honourable Members to see that this matter is agitated in the Provincial legislatures and, if any assistance of the Government of India is required, I feel sure that the Government of India would not withhold it from them, wherever it may be possible to grant it.

Loan for the Madras Corporation.

Rao Bahadur T. Rangachariar: I beg to ask whether the Government of Madras applied to the Government of India for any loan on behalf of the Corporation of Madras. The Corporation of Madras is in a very bad plight in the matter of financing their costly water works and drainage schemes, and they have no ready market for raising a loan. The most recent information I had was that they could not raise a loan at less than 7 per cent., and I ask whether it would be wise for the Government to allow such loans to be raised in the market on behalf of local bodies when the Government can help them. It is this high rate of interest that stands in the way of the Government themselves raising loans, and I would, therefore, suggest to the Government of India to help the Madras Government with a loan for the use of the Madras Corporation. The Madras Corporation cannot carry out the scheme which they have in hand. The works are partly completed and it will be a very necessary help. It will help the Corporation and it will help the Government of India also in having a good market for raising its loans.

Sukkur Barrage Scheme and Canal.

Mr. S. C. Shahani: I rise to inquire what has been done in regard to the Sukkur Barrage Scheme? It has been hanging fire for a very long time. I suppose everyone in this House would like to know whether or not the Provincial Government has approached the Imperial Government for funds, and whether or not the Provincial Government have found it possible to provide funds for this scheme themselves. It is my duty to state here, and I have no doubt that the Government and the House will be sorry to hear it, that I or other cultivators on the Jamrao Canal have not been able to do any *rabi* at all this year. The cultivators will on this account find it very difficult to live; and I am afraid crime will be stimulated to a very great extent.

It is being said that it is a very difficult thing to improve the water supply in the Jamrao Canal, but I have always felt that if the requisite funds were available, even I could put it right in a short time, layman as I am, by regulating it throughout; and, if necessary, giving it a new head. I trust the Imperial Government will stimulate those who are responsible for the administration of the Jamrao Canal to do the needful soon. It is true that the supply of water in the Jamrao Canal has dwindled; and only a few hundred cusecs flow into it. But is not that due to the head silting up every year? But is that not due to the canal being unregulated some miles below the head? The Government this year will go without a very large revenue. I think it will be in the interest of Government to find funds for a new head for the Jamrao Canal.

Hitherto, the Government revenue has been sufficiently well protected. Whether the cultivator is able to raise a good crop or not the assessment is duly paid. But this year the Executive Engineers very kindly announced in time that there would be no water available for the *rabi* cultivation, and on that account no *rabi* cultivation was done. I would implore those who are in power to take up the question soon.

Colonel Sir Sydney Crookshank: Sir, I can assure the Honourable Member that the whole question of irrigation in Sindh has not only received the very careful attention of the Bombay Government, but also that of the Government of India.

The position as regards the Sukkur Barrage Project, to which he specifically refers, is that the project has gone Home to the Secretary of State under a despatch, which was followed up by a private letter from His Excellency the Viceroy to His Majesty's Secretary of State in which he asked the latter to do everything in his power to expedite sanction. I think, therefore, that the Honourable Member may be assured that the position is a satisfactory one.

If I may digress for one brief moment, I should like to give the Members of this House a few figures which I have just got out in connection with State irrigation returns for the year 1919-20. I think they will be of considerable interest to the House in illustrating the position which India occupies as the first and foremost country in irrigation in the whole world. The area irrigated by State canals in that year was 29,144,864 acres. The capital outlay has been 58 crores, the gross revenue Rs. 8,10,00,000, the working expenses, etc., Rs. 2,42,00,000; the net revenue is Rs. 5,68,00,000 giving a return of 9¾ per cent. The crop value on this acreage amounted to no less than 1,73,63,00,000 of rupees.

Babu K. C. Neogy: May I inquire, Sir, as to whether the amount of Rs. 50,00,000 shown against the Bengal Government is for the Grand Trunk Canal Project, and the rate of interest at which this amount will be available to the Local Government?

The Honourable Mr. W. M. Hailey: Two or three inquiries have been addressed to me which, I think, I am in a position to answer, assuming as I do, that the House will be fully satisfied with regard to the remainder of their questions after what they have heard from the Honourable Mr. Sarma and Sir Sydney Crookshank.

Mr. Rangachariar asked me whether the Madras Government had applied for a loan for the Madras Corporation. Speaking from memory, I do not think, Sir, that they have specifically applied to us for a loan for the Corporation. I think they referred to us lately the question of the Port Trust, but they have asked us to help them with a loan from our own resources in aid of their Provincial loan funds, and it is possible that they themselves contemplate a direct loan from their Provincial loan funds to the Madras Corporation. At the same time,

I think that we here would welcome any attempt on the part of Madras so to work up local patriotism as to provide themselves with loan funds, following in that respect the example that has lately been set to them by Bombay. My answer, therefore, to that particuler question, Sir, is that, so far, we have not yet received a direct representation with regard to the Madras Corporation.

Mr. Neogy asked whether there was any provision in these 50 lakhs for Bengal for the Grand Trunk Canal Project.

The Bengal Government asked us to sanction a loan of one crore during the year 1921-22 for various schemes, including the Grand Trunk Canal Project and upon the Damodar Canal Project. We have entered 50 lakhs as a loan to that Government, as we considered that it would probably be about the amount which could be usefully spent during the year.

Now, Sir, I hope I have persuaded the House that, though in regard to other cases of expenditure, my Department does perhaps represent what the poet Milton described as 'the blind Fury with its abhorrèd sheares', yet this is not true in respect of irrigation. I can assure the House that it would be only under the stress of dire necessity that we should deny to Local Governments loans they may require for carrying out such projects. We not only recognise that the promotion of irrigation projects is a primary necessity in an agricultural country such as India, but we are sufficiently wise also to recognise that irrigation returns us a very handsome direct and indirect income.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 2,15,43,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March 1922 in respect of 'Loans and Advances bearing interest'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 2,25,00,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the course of the year ending the 31st of March 1922 in respect of 'Remittances'.'

Remittances.

Rao Bahadur T. Rangachariar: Sir, I beg to move:

'That the provision for War Office Transactions (page 365) be reduced by one rupee.'

Sir, the Honourable the Finance Member assured us the other day that the 'touchables' were more numerous than I thought. I then went through the volume and came upon this page, which offered a very great temptation. Here was a sum of Rs. 2,25,00,00,000 to be voted by us. What a grand thing, I thought to myself. I went over the items bit by bit, one by one. I did not understand what they were about. What is the meaning of our voting this Rs. 2,25,00,00,000? Now, being afraid to put my foot where perhaps I may be dragged too deep, I made this modest suggestion that the amount should be reduced by one rupee. Here, I said, was some military expenditure which comes readily to hand, and I, therefore, put my hand on the War Office transactions. I am afraid I do not understand these transactions. We are only told War Office Transactions Rs. 21,00,00,000, but we are not told what they are about. Whether they are mere advances made to the War Office to be recovered hereafter from the Home Treasury, or whether in the shape of a present to the War Office, or whether it is part of military expenditure to be incurred by this country on behalf of the Indian Army, I could not make out.

So that, in drawing the attention of this Assembly to this item, I wanted to make quite sure whether this Assembly could bring this sort of indirect pressure to bear upon the military authorities to reduce their expenditure. Here is an item which comes readily to our hand. And we can take hold of the military hand which leads us astray. But, having regard to the nature of the times, and having regard to the appeal made by His Excellency the Commander-in-Chief the other day, I did not dare to ask for more than rupee 1 reduction; for I know the Honourable the Finance Member will round it off by adding another rupee, so that no harm will really be done, and we would have expressed our opinion that the military expenditure is growing too fast. I therefore, Sir, move my proposition.

Mr. A. V. V. Aiyar: Sir, taking the first item of Rs. 21 crores War Office Transactions to which the Honourable Member has referred, I may say that it represents entirely advances made for expenditure in India and in Mesopotamia on behalf of the British Exchequer. Every pie of this expenditure is recovered from His Majesty's Government in London at current rates of exchange; and these recoveries are of very great advantage to us at the present moment, as they provide the Secretary of State with part of the sterling resources which he will require for meeting expenditure in England on behalf of the Government of India.

To take another instance, Inland Money Orders, this represents payments made by post offices throughout the country on account of money orders issued. I need not say that there is a corresponding entry on the receipt side for receipts from money orders issued.

The rest of the entries appearing in this account are merely book-keeping entries. I am sure the House will not expect me to explain them in detail here; but if any Honourable Member requires any explanation I am quite ready to give it to him.

Rao Bahadur T. Rangachariar: I do not press my motion, Sir.

Babu K. C. Neogy: I can assure the House that it will not break my heart if the extravagant reduction suggested by my Honourable friend be not effected. I want some information, Sir, from our friend, Mr. Aiyar. A few days ago I put some questions with regard to the expenditure which was being incurred in this country on account of some prosecutions which were undertaken at the instance of the Munitions Board. Well, it was stated that the expenditure in one case, the United Provinces case, was debited to His Majesty's Government; but that the expenditure in the Bengal cases is being borne by the Government of India 'for the time being'. I wanted information as to the head under which this expenditure 'for the time being' may be shown; but unfortunately the Honourable Member who replied to my question was unable to supply the information. I now take this opportunity of asking my friend, Mr. Aiyar, whether the War Office transactions have got anything to do with this amount. My object is this, I want an assurance from Government that this expenditure will be ultimately debited to His Majesty's Government.

Mr. A. V. V. Aiyar: Sir, I think it is almost certain that the portion of the expenditure which is borne by His Majesty's Government appears under this particular head. I am not so sure about the portion which is being borne temporarily by us. Probably the case is that it is being met by the Local Government in the first instance, and we will probably hear about it soon. The Local Government may ask us to pay it or adjust it in some way or other. We will know more about it later, but I have no information about it at present.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That a sum not exceeding Rs. 2,25,00,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the course of the year ending the 31st of March 1922 in respect of 'Remittances'.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

'That a sum not exceeding Rs. 1,17,35,07,000 be granted to the Governor General in Council to defray the charge which will come in course of payment for the year ending the 31st of March 1922 in respect of 'Home Transactions'.'

Home Transactions.

The motion was adopted.

The Honourable the President: This House now stands adjourned till 11 A.M. tomorrow morning.

The Assembly then adjourned till Thursday, the 17th March 1921.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Thursday, 17th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—THE INDIAN FINANCE BILL.

FINAL STAGE.

The Honourable Mr. W. M. Hailey: Sir, I beg to move:

Motion for Joint Select Committee.

'That this Assembly do recommend to the Council of State that the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, be referred to a Joint Committee of this Assembly and of the Council of State and that the Joint Committee do consist of 20 Members.'

I have no doubt, Sir, that the House will desire that I should place before it some explanation of the reason why I make this particular motion. The Finance Bill, as we may call it for short, was formally introduced before this Assembly on the 1st of March last. The first stage, therefore, has been passed. Now comes the second stage; and I propose to explain briefly to the House firstly, why I have proposed that the Bill should be referred to a committee, and secondly, why I have proposed that it should be referred to a Joint Committee of both Houses. In the second stage of a Bill the rules provide three courses as alternatives for action. I would refer Honourable Members to Article 68 in the Handbook giving the matter in brief. I could have proposed to the House that the Bill should be taken into consideration or that it should be put to a Select Committee, or thirdly, that it should be circulated. Now the House will probably agree with me that it was unnecessary to move for circulation, because the matter has been very fully placed before the House and before the country as the result not only of my Budget speech on the 1st of March, but of the general Budget debate following. I think, as a matter of fact, that the Bill itself has already been published in most of the newspapers. Then, as between the other two alternatives, the process of moving for consideration involves first that the general principles of the Bill should be discussed, and when the motion for consideration has been passed, the amendments should then be considered. Now, the general principles of the Bill have I think, been discussed very fully in the course of the two days' debate which we devoted to general discussion of the Budget. In itself the Bill merely proposes by the alteration of a number of schedules of different Acts to give effect to detailed proposals for taxation which are necessitated by the deficit shown by the Budget. I doubt in consequence whether the House would desire that further opportunity, should be given for the discussion of the general principles.

Then, as I said before, the rules provide that when the motion for consideration has been accepted, the House should at once proceed to consider amendments. Now I urge that before amendments of the number and complexity of those which are before us are considered, it would be advisable that they should be deliberated at, what I may describe as a round table committee of members representative of the Assembly, a committee which can hear witnesses. who attend to put forward the case of bodies, institutions or persons affected by the taxation. That is a very important stage in the consideration of all taxation proposals of any wide scope and the House, I am sure, will agree that it will be far more convenient that such witnesses, if they are to be heard, should be heard by a committee rather than their representations should simply be placed in writing before the House. It is for this reason that I have proposed, instead of asking that the Bill should be taken into consideration, that it should be placed before a committee. Let me say at once that the reference to a Select Committee and the fact that it is returned to the House after consideration by a Select Committee does not bind either individual members of the committee or Members of the House in any way.

Any member of the committee who dissents from his colleagues on that committee can append his note of dissent. He can afterwards, if he wishes to do so, move amendments to which he has referred in that note of dissent. And of course Members of the House who are not members of the committee can equally move any amendment they desire when the Bill comes up after consideration by the Select Committee. Now, Sir, so much for one part of my case—the reason why I have desired to refer the Bill to a Select Committee.

Now comes the second part—the reason why I have proposed that it should be referred to a Joint Committee of the two Houses. It is, of course, necessary that any Bill, even a Bill for taxation, should be passed by both Houses. I have only to refer to section

83 on page 30 of the Handbook. Now, when a Bill that has been passed by one House after reference to a Select Committee goes to the other House, then that other House does not appoint another Select Committee. By referring the Bill to a committee of the originating House, therefore you avoid in any case that stage—the Select Committee stage—in the second House. But you do not avoid the fact that in that second House numerous amendments may be brought forward which could perhaps have been obviated if a Joint Committee had considered the Bill before it went to the second House. That, I consider, is the gain by referring the matter now to a Joint Committee. It is a saving of labour for the legislature generally. If the second House has numerous amendments which it desires to place in the Bill, then it returns the Bill to the first or originating House with these amendments in them. For the facility of the disposal of business, it is obviously desirable that these amendments should be as few as possible; because, if the second House insists on the retention of its amendments, then you are involved in all that awkward and somewhat dilatory procedure which is provided for in section 93 onwards of the Handbook. That is a contingency which most of us, I think, would wish to avoid.

I have now, Sir, attempted to make my own point of view clear to the House. I rest my case on this ground, that the procedure which I now propose will result in a certain saving of labour to the legislature itself and a certain saving of time. I hope that the House will accept my assurance when I say that the saving of time is not so important from our, that is the official, point of view as it may prove to be from that of the legislature and of the public. We are here at the disposal of the legislature, and it is a matter of very little moment to us if the disposal of this Bill by the legislature is deferred some days or even weeks. That, as I say, is a matter of comparatively small moment to us. But there is another aspect of the case which I think it is well that I should make clear. Trade and commerce generally has, hanging over it, certain proposals in regard to taxation and to tariffs, and it is in the interests of trade that those questions should be settled one way or the other as soon as possible. I see that the point is so well appreciated, Sir, by many of us in the House who are concerned in the commerce of the country that I need not dilate on it. I will only refer, as one typical case, to the fact that we have received very numerous telegrams from different interests concerned and, in particular, we have received large numbers of telegrams from merchants in regard to the amendment which has been put forward on the subject of the taxation of silver. Now, this is obviously causing a great deal of disturbance in the minds of dealers, both in Bombay and in Calcutta. And I for one should be very glad indeed to set their minds at rest as to the action which we are going to take, either one way or the other, in regard to taxation of this description. I quote this only as one illustration; and I see that it is unnecessary for me to dilate on that aspect of the case. I desire only to make it clear that I have put forward this proposal not as involving any restriction on discussion—for I want the very fullest and freest discussion of every item of this Bill—but as likely to lead to a saving of some time to the legislature and some anxiety to the many commercial interests concerned.

Dr. H. S. Gour: Sir, the question which the Honourable the Finance Member has raised raises an important question of constitutional law, which I take leave to state shortly before this House. The House will bear with me when I state that, under section 67(*a*) of the Government of India Act, which is printed in this Handbook, the power to vote on the Budget is reserved exclusively and solely to the Members of this House. [See section 67(*a*), clause (6), page 59.]

Now, the position is this—and I think it is a position which has been conceded by the other House—that all matters relating to the Budget and supplies shall be exclusively discussed, debated and decided upon by the Members of this House. Is the Finance Bill an independent piece of legislation or is it merely part and parcel of the Budget intended to validate the provisions of the Budget and to give effect to its accepted provisions? I venture to submit that two opinions are possible on this point. First, that the Budget provisions are the principal provisions relating to the raising of revenue in this country and if it is once conceded, as it must be conceded, that the power to vote supplies vests exclusively in this House, I submit it must be conceded as a matter of necessary implication that the power to find money for the purpose of validating the provisions of the Bill must equally rest solely on the responsibility of this Assembly. In other words, the Finance Bill is merely ancillary to the main purposes of the Budget. If there was no Budget, this Finance Bill would not exist. It is merely intended to legalise the operation of the Budget for the ensuing year and as such it has no independent existence. Now, I beg to ask, that if the power to vote supplies rests exclusively with this House, should not also the power to adopt a measure for the purpose of finding money necessary for the purpose of carrying that Budget into effect rest equally and solely with this House? It is merely a validating Bill intended to give effect to the provisions accepted by this House.

Now, Sir, if that be the view acceptable to the House, I submit, that the Council of State have no jurisdiction to go into this question, dealing as it does with the money Bill. I am perfectly certain, Sir, that if this question had been raised in the House of Commons, the answer would admit of no doubt. The question was debated in 1909-10 and the order which is given in May's Parliamentary Practice at pages 322 and 323 sets the matter at rest so far as the British House of Commons is concerned.

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The Honourable the Finance Member has, no doubt, a lurking suspicion of an objection o the kind I raise, and, therefore, he has drawn the attention of this House to a provision which lays down that:

'Except as otherwise provided by or under this Act, a Bill is not to be deemed to have been passed by the Indian legislature unless it has been agreed to by both Chambers.'

Now, you will observe the qualifying clause which controls the whole section, 'except as otherwise provided by or under this Act'. 'Except as otherwise provided', and not necessarily *expressly* provided by this Act. We know as lawyers that a provision may be made expressly or by necessary implication, and I venture to think, that if section 67(*a*) clause (6) is correctly read, there would seem to be a necessary provision underlying that section that all money Bills shall be passed by the Members of this House and this House only. I, therefore, submit that Article 83 of this Manual does not trouble me and does not stand in the way of the argument that I am advancing. Is there anything else in the whole of this book which militates against the contention that I am advancing? I submit there is not. On the other hand, may I be permitted to point out the practical difficulties of a situation that might arise and may be created by referring this Bill to a Joint Committee of both the Houses?

Suppose we were to accede to this motion. Now, it is provided in the rules that an equal number of Members of this Assembly shall sit with an equal number of Members of the Council of State. The Members of the Council of State will ask us:

'You want us to pass this measure. First satisfy us that the Budget which you have passed is a righteous Budget. Otherwise, we shall not be a party to the passing of this measure. Discuss with us clause by clause, item by item, and explain to us why you have passed these measures which entail such a heavy expenditure on the public revenue.'

If we are to take them into our confidence, in duty bound we ought to discuss with them every item of this Budget, in other words, there must be a rediscussion of the whole Budget before the Members of that House. Is that contemplated by the Government of India Act, section 67 (*a*)? What the Legislature has excluded—and expressly excluded from the purview of the other House—would be let in indirectly by the course which the Honourable the Finance Member invites us to adopt?

Now, Sir, before the Members of the Select Committee, or rather of the Joint Select Committee, commit themselves to this proposal, I have already told you that they will be within their rights, and in fact, I submit further, that it will be almost obligatory on us to explain to them the reasons which have induced this House to pass the Budget. But if the Select Committee of that House is convinced, it by no means follows that the Council of State would be convinced. The Honourable the Finance Member has told us in words which can admit of no mistake that all Bills must be passed by the two Chambers.

Now, let me take you through the next stage of discussion. If this Finance Bill goes to the whole House, namely, the Council of State, the Council of State would be perfectly justified in saying:

'You must lay all your cards on the table. Justify to us every provision of this Budget, every item that the Assembly has voted. Otherwise, we do not feel bound to pass this Finance Bill. We do not accept the responsibility of finding you the money when we have no control over your expenditure. We will not pass this Finance Bill unless we are satisfied that the Budget which you have formulated is a right Budget which entails an additional taxation for which you want this House to commit itself.'

I ask you, if you were Members of the Council of State instead of being Members of this Assembly, would that be an unnatural course to adopt? Suppose, for the sake of argument, that the powers conferred upon this House under section 67 (*a*) of the Government of India Act were the powers conferred upon the Council of State, and suppose, for the sake of argument, that the Council of State had passed this Budget and you had the power under the Act of passing a Bill consequential upon the passing of the Budget, can you say, Sir, that the Members of this House would not be within their rights to say:

'We do not wish to pass nor are we justified in passing a measure the necessity of which has not been disclosed to us.'

And would that not lead to the discussion of the whole Budget over again? It may be that it may lead indirectly to the discussion of the Budget, but what difference is there between a direct and an indirect discussion when the ultimate object to be achieved is the passing of a Finance Bill? And would this House ever commit itself to an enhanced taxation if it is not given power to go to the constituents and say:

'We have passed this additional taxation because we saw the necessity of it.'

But if the tax payers were to be told that you were blindfolded as regards the necessity of the Budget, but you were merely concerned in passing the consequential measure, would not the constituents say:

'You had no business to pass a measure which you are not prepared to justify before the constituents.'

Now, I submit, that may not occur in every case, but at the same time I venture to think that it is an attitude of mind which this House would certainly adopt if the position had been reversed. What guarantee have we that the Members of the Council of State would not utilise the opportunity that you give them of taking them into your confidence on

the subject by a Joint Committee for the purpose of facilitating the passage of the Finance Bill? This is a question which, I think, requires serious consideration. This is the first Budget of its kind and this is the first Finance Bill of its kind. We have no precedents and, because we have no precedents, we must be extremely careful to see that we do not create a bad one. If once this House decides that the Council of State have the power to chop, twist and turn the Finance Bill according to its pleasure, we shall be relegating our sole responsibility by taking the Council of State into our confidence upon a measure upon which the Act of the legislature vests this Assembly with sole and undivided authority. I submit, Sir, this question should not be lightly treated. It is a question of grave constitutional law and one upon which this House should deliberate before committing itself to the proposal of the Honourable the Finance Member.

Another thing that I wish to bring to the notice of Honourable Members and of the Government in this connection is, that if it is once conceded that all money Bills which form an integral item of our annual Budget are to go as a matter of legal obligation to the Members of the Council of State, we shall have completely to rewrite section 67 (*a*) of the Government of India Act and the provision which underlies it. Even if the clause 'except as otherwise provided' did not exist in Article 83 of the Legislative Assembly Manual, I would still contend that, as a matter of necessary obligation, if section 67 (*a*) is to be worked in its true spirit, that this Assembly is given the sole right of passing a validating measure. I feel, Sir, that this is a question upon which I am entitled to invite the opinion of this House.

Now, I pass on to the other two questions raised by the Honourable the Finance Member. The first is as regards the economy of time. Now, Sir, I fail to see what economy of time would be effected by appointing a Joint Committee of both the Houses at this stage. May I point out to you, Sir, that, assume that a Joint Committee of both the Houses is appointed here and now. Let me assume for the sake of argument that the Members of the Joint Committee would be unanimously of opinion that this Finance Bill should be passed in all its integrity as drafted by the Government. Even then, I submit, the Bill must be passed first by this House and then by the Council of State or by both the Houses simultaneously. The controversy which centres round this Finance Bill may be postponed, but it cannot be materially delayed. The controversy which centres round this Bill, I submit, may be relegated to a week or two weeks, but the main question underlying the constitutional rights of this House and of the other House must be debated both in this Assembly and in the Council of State. How is there then going to be economy of time? And, I would ask you, Sir, that after the Select Committee returns its report, what is the procedure? Let me read it to you. I invite your attention to page 27 of this Manual. It says: 'After the presentation of the final Report of a Select Committee on a Bill, the Member in charge may move that the Bill as reported by the Select Committee be taken into consideration'. I shall leave out the rest of it, because it is a procedure that the Bill as reported by the Select Committee be recommitted either without limitation or with respect to particular clauses or amendments only or with instructions to the Select Committee to make some particular or additional provision in the Bill, or that the Bill as reported by the Select Committee be recirculated for the purpose of obtaining further opinion thereon.

Now, I beg to ask that, assuming for the sake of argument that this is a plain-sailing Bill and that the Members of the Joint Committee unanimously vote that this Finance Bill without any amendment, out of the innumerable amendments of which notices have been given and which have been circulated to Honourable Members, be passed, we have still to consider this question in the two open Houses, and there again the question which I am raising before you here to-day would be considered by the Members of both the Houses, and, unless this question is settled once for all, the economy of time for which the Honourable the Finance Member pleads is not likely, I submit, to be materially affected.

One word more, Sir, and I have done. It is perfectly true that the Government of India Act as well as the rules framed under that Act do not expressly provide for the passage of a consequential validating measure by this House as the House having limited monetary control over the finances of the Government of India. It is equally true that the general provisions relating to legislation provide that a measure of legislation should be passed by both the Chambers. But there is a principle which lawyers know and which is a cardinal principle of the interpretation of statutes. That principle is *specialia generalibus derogant*, that where a special power has been conferred upon a particular body, that body must of necessity possess that power to the exclusion of any general power or to the detriment of any general provision applicable limiting that power. Now, I submit, the general provision relating to the passage of legislative measures generally cannot, I submit, derogate from the special powers which this Assembly possesses under an express provision of the Government of India Act. I, therefore, submit that, appealing to first principles, and apart from the statutory provision contained in the Government of India Act or in the rules framed thereunder, I would still say that if there was nothing expressly curtailing and limiting the power of this House, this measure should be the sole concern of this Assembly.

Lastly, Sir, I submit, it was pointed out, if I remember aright, by Lord Selbourne's Parliamentary Committee that the procedure of the House of Commons was as far as possible to be followed in the conduct of business of this House. I cannot for a moment bring myself to believe that the controversy which was raging in 1909 and 1910, when, I

believe, Sir, you were a Member of the House of Commons, a controversy which settled once for all the right of the Members of the House of Commons to pass a money Bill which could not be challenged by the other House, was not before the Members of the Joint Parliamentary Committee; and, I think, that this question must have occurred to the Members of the Joint Parliamentary Committee when they drafted what is now to be read as section 67(*a*) of the Government of India Act. It will be remembered that the Montagu-Chelmsford Report wanted to constitute the Council of State as an independent revising chamber, and it is a well-known fact that it is no longer an independent revising chamber. Consequently its powers which where defined by the Montagu-Chelmsford Report have been much curtailed by the subsequent legislation and, I think, Sir, in this connection it must have occurred to the astute lawyers who sat on the Joint Parliamentary Committee that this question regarding a money Bill must of necessity arise in the Legislative Assembly which had been clothed with the sole power of passing the Budget and voting thereupon.

I, therefore, think, Sir, that the Joint Parliamentary Committee must have thought that the power to vote on the Budget, a power which could only be exercised by the Legislative Assembly, if it has also the power of giving effect to its volition, that this Budget shall become for the time being the working Budget of the Government of India. And how is it possible that, if we are to determine that certain taxation shall be levied upon the country, we should ask somebody else who is not responsible for the levy of taxation to join and concur with us in the levy of that taxation when he has taken no part whatever in our deliberations for the purpose of determining its propriety? I submit, therefore, Sir, that the Members of the Council of State would feel somewhat awkward having to pass a measure of a purely fiscal character for the purpose of legalising, the levy of taxation, the propriety of which is not open to that House to discuss. I feel that, even, on the ground of expediency, therefore, even on the ground of propriety, Members of that House may justly complain that they cannot be made party to a measure of legislation for which this House, and this House alone, should be responsible. These are questions which I ask the Honourable the Law Member and the Honourable the Finance Member to seriously consider; and, before a precedent is created, let us be sure that our power in respect of the Budget is open to revision by the other House; and unless this House is prepared to admit that its power of passing the Budget can be revised, supervised and controlled by the other House, this House, I submit, must not yield readily to the proposal which has just been moved.

Mr. T. V. Seshagiri Ayyar: Sir, upon the constitutional question just now raised, I must say that I do not share the difficulties pointed out by my Honourable friend. Now, if you turn to this section 83, the language is this: 'except as otherwise provided by, or under the Act'.

It is not otherwise provided that the Council of State has no power of revision over money Bills. What is provided is, that the Legislative Assembly has the power to pass the Budget. That is the provision in the Act, not the contrary provision; and, I think, Sir, it is a well-known canon of construction that, where power is given to a particular body unless it is expressly taken away, you cannot by implication say that that power has been destroyed. Under those circumstances, having regard to the language of section 83, I am not troubled to the same extent regarding the constitutional point as my Honourable friend, Dr. Gour.

But, Sir, on the question of expediency and justice, I think the Honourable the Finance Member should not press the Resolution which he has brought forward. Now, Sir, the words which you spoke, not very many hours ago, are still ringing in my ears, that we of this Assembly who have the privilege of sitting here should do nothing for which posterity would blame us, should create no precedent which would be resented by posterity and which would be regarded as having enabled anyone to take away the rights which we possess; and, Sir, all of us are anxious that this Assembly should in course of time be as great, as powerful and as efficient as the House of Commons; and, therefore, we should try to see that the powers which have been given to us are not taken away from us. I think, Sir, I had the information from you—I hope I may use that information—that it is not the practice in the Houses of Parliament to constitute joint select committees except in one instance, namely, where the question of codification comes in; that is to say, where there are a large number of Acts that have been passed and the only question is one of redrafting those Acts and consolidating these various Acts into one whole, then only it is the practice of the Houses of Parliament to constitute joint select committees. No doubt, there is a standing joint committee on Indian affairs; that has nothing to do with Bills or with select committees; but the ordinary practice, as I understand, is this, that no Bill which is to be passed by both Houses can be referred, or has been referred hitherto, to a joint committee consisting of Members of the House of Commons and of the House of Lords. Under these circumstances, the question arises whether there is any reason or ground for departing from the wholesome practice which obtains in England and of instituting a departure by appointing a joint select committee.

Now, Sir, the Honourable the Finance Member told us that there would be a saving of time. My Honourable friend, Dr. Gour, has pointed out that there would be no saving of time. I do not think, as a matter of fact, by the procedure which is sought to be adopted, there will be any saving of time. Now, take for example, the case where there is a dissenting minute in the Joint Select Committee, and supposing by virtue of the fact that the Council of State has an equal voice with us in the deliberations, certain amendments are carried

which this Assembly, a majority of it, does not approve of. What would be the result? We will have to reject them ; the matter will have to go again before the Council of State ; the Council of State may stick to their own opinion; and then there will be a joint session. I do not think there will be any saving of time by the procedure which has been recommended by the Honourable the Finance Member. Now, that is not the only difficulty which this Assembly will be labouring under by acceding to the proposal which the Honourable the Finance Member has suggested. Sir, this Assembly consists of about 146 Members, and the Council of State consists of about 60 Members. Under the rules, as they stand at present, if a Joint Committee is appointed, there must be an equal number of Members of both Houses in that committee, that is to say, there will be 10 Members of this Assembly and 10 Members of the Council of State. The result is, that the Council of State will have a voice disproportionate to its strength. Under the rules, as they stand at present, if there is equality of votes, the motion is lost—I am not quite sure if the President has a casting vote; under these circumstances we will not be acting prudently in acceding to a Joint Committee. On the other hand, we will be setting a very bad precedent, which posterity will blame us for, by acceding to the proposal that this Bill should go before a Joint Select Committee. Sir, I am not anxious, I have never been anxious, to say that the Council of State has not got as good a voice in regard to legislation as we have, and it is desirable that they should have it, but it will not mean any disrespect to them if we say that we stick to our rights. We want to have this Bill passed by ourselves, and then we will send it to them. I do not think the Members of the Council of State will have any reason to complain if we say that we shall not part with our rights, because if we do so posterity will blame us and we ourselves will not be discharging our duty properly to the country. Under these circumstances, Sir, I think the proposal which emanated from the Honourable the Finance Member should not be acceded to by this House.

Dr. Nand Lal: Sir, when I read the provisions of section 68, I find that the courses suggested by the Honourable the Finance Member seem to be provided there. His argument, so far as the number of courses are concerned, is correct, but the question before this House is this, whether one of the courses suggested by the Honourable the Finance Member should be adopted or not. I am sorry I have got to differ from my Honourable friend, Dr. Gour, so far as the interpretation of section 83 is concerned. I think the provision is quite clear. It says :

'Except as otherwise provided by or under the Act a Bill is not to be deemed to have been passed by the Indian legislature unless it has been agreed to by both the Chambers, either without amendment . . . or ;'

We may omit the concluding portions. There is the Interpretation Act, and there is a very luminous commentary on the subject of interpretations. Certain principles are laid down, the gist of those principles in a nutshell is, that the question of convenience is to be given prominent consideration, and that, not only the question of convenience, but the question of the ultimate effect also. If I apply those principles to the interpretation which has been so ably put forward by my Honourable friend, Dr. Gour, then I feel constrained to say that I differ from him. Therefore, the Bill can only be passed when it has passed through both the Chambers of the Indian legislature. But there is something in favour of Dr. Gour, though it is not very forcible. When I interpret clearly clause (6) of section 67(*a*), the words are eloquent and they seem, to a certain extent, to support Dr. Gour's views. Now what are those words? 'The Legislative Assembly may assent, or refuse its assent, to any demand or may reduce the amount referred to in any demand by a reduction of the whole grant.' Perhaps some of you may think that it is beside the point, but I reply at once that it is not, and you will admit it when you hear the consequential result that I have arrived at. He had probably the conception of a different idea which seems to have been propounded in these two sub-clauses (6) and (7). Then we come to clause (7). That provides as follows :

'The demand as voted by the Legislative Assembly shall be submitted to the Governor General who shall, if he declares that he is satisfied that any demand which has been refused by the Legislative Assembly is essential to the discharge of his responsibilities as if it had been assented to, be . . . .'

We may omit the concluding lines in order to save the time of this Honourable Assembly. So far as the question of refusing or reducing the demand is concerned, there cannot be the slightest doubt that it is the Legislative Assembly alone which has got full power and competency to decide the matter. If the Legislative Assembly does not assent, that is to say, if it refuses to do so, then there is no other body, much less the Council of State, which has got any power whatsoever to vote money for the Government. The Governor General in Council only has got certain powers which are embodied in the provision I have already read. My Honourable friend, Dr. Gour, seems to have been induced, by reading the provisions of these two clauses, to think that the other Chamber of the legislature has no jurisdiction over money Bills.

He is welcome to his way of reading them, but, as I have already submitted, I put forward my very respectful difference of opinion. Therefore, the Bill can be sent to the other Chamber and it is a legitimate course. It is we who have to give assent, it is we who have to refuse assent, and consequently it is we who will be held responsible to the taxpayers and ratepayers. Shall we then allow another body to discuss what we ourselves ought to discuss and examine? We may say at once that we are not prepared to avail ourselves of

the superiority of their opinion. We are satisfied with our own ability, and I think we are competent to determine this point for ourselves. But the Honourable the Finance Member may say, 'Oh! well this is sentimental'. Oh! no, no, Sir! This is not sentimental at all. This is the crucial point. It was stated some time ago that, as a matter of fact, this is the only democratic body. We represent the people. We represent the masses. We are the advocates of the taxpayers who shall have to be saddled with this monetary responsibility and, therefore, we should not shirk our duty. We shall sit here, we shall spend nights here, days and days, weeks and weeks and months and months. We shall make the adjoining rooms our dining-rooms and some of them sleeping-rooms. We shall do our duty because we shall be held responsible to our people. What answer shall we give if we failed in this legitimate duty? Therefore, the suggestion which has been so ably put forward by the Honourable the Finance Member is not acceptable to us, I am sorry to say.

Being as learned as he is, he knows how to put his points very ably. He says, 'Well, I do not mind whether it will take long or be decided soon'. But, in his own usually able and eloquent manner, he suggests to us that a good many telegrams have been received purporting to say that commercial people are in great anxiety to hear the result. We thank the Honourable the Finance Member for this enlightenment. But we may very respectfully tell him that we are not in favour of that sort of hurry. We, the representatives of the people, will give greater prominence to quality than to quantity. We shall give prominence to efficiency and not to the bulk of work or to work which is expedited. Expedition is nothing when compared with efficiency. It is the efficiency of the work which is admirable. Expedition has got its own value no doubt, but if a thing is done to-day and to-morrow it has to be amended then what is the use of spending time over it? So, therefore, efficiency should be preferred to expedition. There is no second opinion on this point, so I shall not dilate on it.

Now, the Honourable the Finance Member says that time will be saved if this course is adopted. Dr. Gour and Mr. Ayyar have very ably dilated upon this question. I think greater time will be spent if we send the whole thing to the other Chamber. Some of the Members of that Chamber will co-operate with some of the Members of this Chamber, and will come to a conclusion. Then, a report will be submitted to us; we shall have to discuss that report, we shall have to go into each and every thing. Then, there will be three different processes. So, there will be no gain in time, but, on the contrary, there may be loss of time. Therefore, I say, the course suggested in the motion is not advisable. The result which I arrive at, and which I put before this House, is briefly this, that this plan should not be adopted, namely, the motion that a Joint Select Committee of both Chambers be constituted and the Bill forwarded for adjudication or determination by that committee. This does not appeal to me. I, therefore, oppose the motion, so far as this part is concerned, which has been put forward by the Honourable the Finance Member.

Sir P. S. Sivaswamy Aiyer: Sir, before proceeding to deal with the constitutional question which has been raised by the Honourable Dr. Gour, I should like to address a few remarks which I think the rules permit me to make on the general principles of the Finance Bill. While I do not wish to commit myself in any way to any expression of approval or disapproval of the policy of the Government which has landed them in the necessity for raising an additional taxation of 18 crores, I wish to express my gratification that the Government have not hesitated to resort to raising the tariff. I am wedded to no particular theory of economics. I do not worship at the altar of Free Trade or at the altar of Protection. I worship only at the altar of India. The welfare of India is my first concern, and the welfare of the Empire is the second object of my thoughts. In this connection, I am sure, everyone of us here must have read with feelings of amazement and indignation the attempt which has been made by the meddlesome merchants of Manchester to dictate to us on the question of our taxation policy. We have suffered too long from the meddlesomeness of Manchester, but now that we have got a representative legislature we shall no longer submit to this dictation and we are determined to make that clear to Manchester. Sir, there is no ground whatever for this easily excited alarm of the Manchester merchants. The Honourable Mr. Hailey has explained in his speech that the duties he has proposed are not of a protective character, but, even if they had been, this House would not on that ground alone have refused to support them. He has clearly explained that they are entirely for revenue purposes. Is there any country in the world which would hesitate to levy import duties for purely revenue purposes? Does England hesitate to levy import duties for revenue purposes? I believe there is no country in the world which does so.

Mr. E. L. Price: Sir, on a point of order, do these remarks arise on the motion we are discussing?

The Honourable the President: Order, order. In case there should be any doubt about the matter, Standing Order No. 39 makes it quite clear that, when a motion, such as has been moved by the Honourable the Finance Member, is moved, the principle of the Bill is open to discussion as well as the particular procedure proposed to be adopted.

Sir P. S. Sivaswamy Aiyer: Sir, tariffs are generally devised by countries with various objects, not necessarily for the purpose of protection. Very often they are devised for revenue purposes, and one of the best sources of revenue which can be easily manipulated from

year to year is the revenue derived from customs. Another argument among many in favour of a tariff duty is that it gives us a margin for negotiation with other countries in respect of tariffs. It is not, however, necessary for my present purpose to enter at length into the theory of tariffs or into a justification for the imposition of tariff duties. It is sufficient for me to say here that we do not believe in the professions of free trade which Manchester finds it convenient to follow. Manchester very often expresses without any abashment the sense of danger which it feels itself from any proposals for revision of tariffs in the countries with which England may have dealings. Sometimes it utters philanthropic wails over the lot of the poor consumer in India, but we value them no better than we should value crocodile's tears. Now, Sir, I shall only say that it is a preposterous claim, and that if the merchants of Manchester wish to render more acute the situation in India which has been described by certain worthy gentlemen in England as a dangerous situation, I advise them to go on persisting in this policy which they have followed. If they wish to bring about a disruption of the Empire, they have only to pursue this policy. But I hope that Manchester does not represent the enlightened conscience of England or the enlightened public opinion of England any more than the House of Lords represented the enlightened conscience of England on the Punjab affair.

Sir, I regard it as a matter of the happiest augury to this country that His Majesty the King has appointed as our new Viceroy one who has pledged himself to the pursuit of justice in larger fields than mere courts of law and who has set before himself the watchword* of liberty, justice and love. It is a matter of the happiest augury that His Majesty the King-Emperor should have chosen for our Viceroy one who in his person was the embodiment of justice and who was the supreme representative, till a few days ago, of justice in England, and I am convinced that with a Viceroy following that watchword which he has set before himself we need have no misgivings of the success of our cause. Our cause is impregnable and, with a Viceroy like Lord Reading, there is no doubt whatever of our victory against Manchester. I have also every confidence that the Government will be firm as a rock upon this question of the import duties.

I now pass on from the question of the general principles of the Bill to the constitutional question which has been raised by Dr. Gour, and I request the House to bear with me a little while I explain the difficulties which present themselves to my mind in accepting the view which he has so ably put forward. Sir, the question, as it presents itself to my mind, does not raise any such serious constitutional issues as it presents to the minds of some of my Honourable colleagues here. The proposal for a Joint Committee of both Houses is not really forbidden by the statute notwithstanding Dr. Gour's opinion to the contrary. I am glad to find myself supported by the Honourable Mr. Seshagiri Ayyar on this point. He has told you that there is nothing illegal in the reference to a Joint Committee. The question is really one of convenience or of expediency. Now, under the circumstances of the case, which is the most convenient or expedient course for us to follow? I admit that the normal ordinary course in regard to legislative measures is for the House in which a Bill is initiated to carry through the Bill with or without a Select Committee of its own, and then to pass it on to the other Chamber. But the statute does provide for cases where it may be desirable to refer a subject to a Joint Committee of both Houses. Whether a Bill shall be referred to a Joint Committee or not is really a mere matter of convenience to be decided upon the merits of each case.

Now, it has been said that we have got the right to grant supplies, and that the right to carry through the Finance Bill follows from it as a necessary corollary. Undoubtedly, the right to grant supplies is vested in the Legislative Assembly under the Government of India Act. But it does not follow from that that the right or the duty to carry through a Finance Bill, or to initiate and carry through a Finance Bill in exclusion of the Upper House, follows as a necessary corollary from that power. Dr. Gour referred to two sections of the Government of India Act. I am sorry to have to trouble the House with a reference to these sections. One of the sections he referred to was section 63 of the Government of India Act which says, 'except as otherwise provided by or under this Act, a Bill shall not be deemed to have been passed by the Indian legislature, unless it has been agreed to by both Chambers either without amendment or with such amendments only as may be agreed to by both Chambers'. Dr. Gour laid stress upon the words 'except as otherwise provided by or under this Act', and he referred to the language of section 67(*a*), clause (6) as furnishing one such exception.

The language of clause (6) of section 67(*a*) is simply this :

'The Legislative Assembly may assent or refuse its assent to any demand or may reduce the amount referred to in any demand by a reduction of the whole grant.'

I cannot understand how clause (6) of section 67(*a*) can possibly be construed as taking away from the generality of the procedure laid down in section 63, paragraph 2.

We must distinguish here between two processes, the right to grant supplies in the first instance, and then the right to find ways and means for raising the necessary funds. Because the first matter is vested in the hands of the Legislative Assembly, it does not follow therefrom that the second matter is necessarily vested in us as an exclusive privilege. It may or may not be. Now, in a matter like this, there is no real analogy between the House of Commons and ourselves. Let me first clear the ground by saying that I am as anxious as Dr. Gour or as Mr. Seshagiri Ayyar or as any of my other friends in this House to

preserve the privileges of this House. I am sure that our worthy President, imperturbable as he looks, is equally jealous of the privileges of this House, and I am sure that, even if by our want of experience of Parliamentary procedure, we should perhaps go astray, he will give us a judicious hint as to whether we are in danger of any encroachment upon our constitutional privileges.

Sir, I have come to the examination of this question with a mind fully bent upon upholding the privileges of this House. You need not, therefore, labour under any suspicion that I am disposed to surrender our rights or our privileges. I observed that there was really no analogy between the House of Commons and ourselves for this reason that the House of Commons is governed by an unwritten constitution. Parliament is governed by a flexible unwritten constitution. while we are governed by a rigid written constitution. We have, therefore, to look for our procedure, to look for our authority, to the words of the statute by which we have been brought into existence, and not to the procedure of a body which has grown up with ages and whose procedure is governed by precedent, by convention and by tradition. Now, according to the conventions of Parliament, according to the unwritten law which governs Parliament, the House of Lords has no power to interfere with a money Bill. They cannot amend or alter a money Bill. That is settled practice. Can you say that under the Indian statute that is the position? I can quite understand that you may be very anxious and desirous to bring about the same state of things here. I am fully in sympathy with you there, but that can only be accomplished by an amendment of the statute, and not in the manner in which we seek to accomplish it. Supposing the Council of State alters or amends the provisions of the Finance Bill as we pass it and send it to them, can we say that they are legally not entitled to do it or that they can be restrained by a court by an injunction from doing it, or that they would be acting *ultra vires?* I am sure that you cannot possibly affirm any such proposition. If they amend the Finance Bill the result will be that the difference of opinion between the two Chambers will have to be settled by one or other of the means provided for in the statute, namely, either by negotiation between that House and this or by a joint sitting. Those are the two methods for the solution of any *impasse* which may be created by reason of a difference of opinion between the two Chambers. I am aware that the functions of the Upper House were conceived as those of a revising Chamber at the time that the Bill was under consideration by the Joint Select Committee of the House of Commons. Now, what they meant by the expression 'revising Chamber' was that the Upper House was not intended to exercise the functions of the House of Lords which, with its enormous number of peers, has attempted to exercise, namely, the function of obstruction and opposition to the wishes of the people. There they do not confine themselves to the functions of a revising Chamber. The object of the Joint Select Committee and of the framers of the Act in conceiving the Council of State as a revising Chamber was this. They did not wish to set up a body which could hold out in opposition to the more popular Chamber for any length of time. That was the reason why they cut down their number to 60 and fixed our number at more than double their strength, so that, if it came to a question of a joint sitting, we should be in a position to outvote them. The only function, therefore, which under the constitution they can usefully and profitably perform is to revise the form and language of the statutes which may be passed, or to induce us to bestow more reflection or attention upon a measure which we might have passed inadvertently. That was the only reason why it was called a revising Chamber; but, as to their exact powers and functions, we must depend upon the words of the statute. If, on a question of a money Bill, they differed from us, we have undoubtedly got the power of solving it eventually in a manner in accord with the wishes of this Chamber, which is the more popular Chamber, because, when it comes to a question of a joint sitting, we shall be in a position to outvote them and to enforce our views. But that is the only solution which the statute provides. We are not entitled to tell them 'You have no right to meddle with the terms of the Finance Bill we have sent you. You must keep your hands off. We sent it to you merely as a matter of form. You have simply to give your assent to it'. That, I think, is not the position which under this statute we are entitled to take. Whether you cannot get the Statute amended is another matter with regard to which I express no opinion at variance with the wishes of any other Members in this Assembly.

Sir, if we cast about for an analogy to our Assembly I should suggest our going to the Colonies, to the self-governing Dominions. Some of these have got constitutions which provide for an Upper and a Lower House, very often the Upper House consisting only of nominees as in New Zealand.

Where the Upper House consists only of nominated Members, it has been laid down by the Privy Council that the nominated Upper House, brought into existence as it was with the same powers as the Upper House in England, could not meddle with a money Bill. But here we have to deal not with a nominated Upper House, but with an elected Upper House, a House selected no doubt on a narrower franchise by a more limited electorate, but still an elected House. I am not aware that, in the absence of any statutory restriction, such an Upper House is disentitled to deal with money Bills. If you turn to the South Africa Union Act you will find that there are express provisions there which prevent the Senate from going into money Bills. I may refer you to the language of that statute. There it is said in section 60 that Bills appropriating revenue or monies or imposing taxation shall originate only in the House of Assembly, but a Bill shall not be taken to appropriate revenue or monies or

impose taxation by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties. The Senate there (that is, the Upper House) may not amend any Bills so far as they impose taxation or appropriate revenues or monies for the services of the Government. The Senate may not amend any Bill so as to increase any proposed charges or burden on the people. Any Bill which appropriates revenues or monies for the ordinary annual services of the Government shall deal only with such appropriation, and so on. Therefore, we have an express provision made disabling the Senate from interfering with money Bills. Now, Sir, the real question is, is it a matter of convenience to have it settled with the machinery of a Joint Committee? Or, even supposing that it is convenient, are there any predominant considerations *per contra* which should induce us to reject this course, however convenient it may be? Though I am not of the sterner stuff of my friend and neighbour, Bhai Man Singh, who will himself seek the Himalayan heights for recuperation, but will not sanction expenditure to make Delhi comfortable, I am not so ease-loving as not to be prepared to sacrifice my convenience if I thought that the interests of my country or the privileges of this House were in jeopardy. But I do not feel convinced of that. As a matter of convenience, if we now agree to the appointment of a Joint Committee, we shall be able to have a round-table talk with the representatives of the other House. If they do not agree to our proposals, if they propose something to which we cannot agree, nobody says that this House is bound by any conclusions arrived at in this committee. But I take it that we are all reasonable men, and that we have got sufficient discretion to choose men on the committee who will act reasonably, who know what our wishes will be, who know what the wishes of the country will be, and who will frame their proposals in such a way as to commend them to the House and to the country at large. If we cannot place any trust in any committee, then the whole procedure for appointment of a committee may well be abolished. But we do resort to this procedure because we know from experience that it does save time. Now, if it goes through a Joint Committee, the committee will have an opportunity of hearing representations or objections from Members of both Houses, and to so frame its proposals as to meet these objections as far as they can. Therefore, *prima facie*, it would render the passage of the Bill easier in both Houses. But, suppose you do not agree, what will follow? First of all, we must remember the provisions of the Provisional Collection of Taxes Act. That Act provides that unless we pass a Bill within one month from the date on which the announcement was made by the Finance Minister it will cease to have effect and the Government cannot continue collecting taxes. I do not know whether I have made myself sufficiently clear about this Act. It is that when a Bill is introduced into the Indian Legislative Council by a Member of the Executive Council of the Governor General, and such Bill provides for the imposition or variation of any tax in the nature of customs or excise duties, and there is inserted therein a declaration that it is expedient in the public interest that the Bill should have temporary effect under the provisions of this Act, the Bill shall, for the period limited by this section and subject to the provisions of this Act, have effect from the date of its introduction as if it were an Act of the Governor General in Council; provided that the Bill shall cease to have such effect if it is rejected by the Council or is not passed into law within thirty days from the date of its introduction. Now, that is one inconvenient result which will follow. Let us leave that point alone. Let us suppose that we are not troubled with the inconvenience which will follow from the Act ceasing to have effect. What we shall have to do if we reject this proposal is this. We first appoint a Select Committee and then thresh out the provisions of the Bill. Let us take it that it will take, say three or four days. Then it will have to come up before the Assembly, and then we shall have to send it to the Upper House. Seeing that we exhibit such hypersensitive jealousy in this matter, I say it may be taken in the same spirit by the other House. It is not unnatural if the Members of that House also exhibit some sensitiveness on their part. If they act on the principle of exercising their rights of alteration or amendment which the law confers upon them in a somewhat liberal measure, the Bill as it may emerge from the hands of the Council of State may contain a number of amendments and for the purpose of considering those amendments the Bill will have to come back to us and we shall then have to decide whether we should accept the amendments or not. If we are not prepared to accept those amendments, there will have to be a conference or negotiation and, if that fails, there will have to be a joint sitting. How long do you think that the process will last? It will last right into April, and I for one am free to confess that I do not think I shall enjoy Delhi during April. Nor do I think that the Members of this Assembly, coming as they do from long distances and not being as much at large as even myself, will not grudge the amount of time which they may have to give and the long absence from their professions or occupations and from their homes. There is a difference between the procedure in England and here. I have told you already that it is not necessary to refer it to a Joint Select Committee in England; first of all, the Budget is introduced on the 1st of April by the Chanceller of the Exchequer. Then the whole House goes into the Committee of Supply and goes on discussing it at length. Eventually the Finance Bill is passed, some times as late as August. For instance, the Finance Act for 1920 was passed on the 2nd of August 1920. But look at the difference in conditions between England and here. Delhi has not got the climate of England. Delhi is not so near to the outlying parts of this continent as England is to Aberdeen or Dublin. There you can go back to your home and come within 24 hours, I take it. But here we do not sit in the continuous way that the House of Commons sits. We can only give a limited amount of time, and it is not easy for us to tear ourselves away continuously from our homes or occupations and come here. Do you think we shall be able to go on hammering at this Bill in

the way that the House of Commons can during a period of say three or four months ? If you say that the climate of Delhi and distance of Delhi from the outlying parts of the Empire are of no consequence, that in spite of them you are still determined to work during the hot weather and that you can go on with this Finance Bill, by all means do say so. I do not want that Members of this House should follow my cue in this matter. Now let us suppose that we agree to the course that has been suggested. What is the danger that Honourable Members apprehend from following this course ? I submit that even if you think that it may constitute an inconvenient and an undesirable precedent, there is a way of avoiding any such consequence. I would suggest to you two solutions. The one is to enter a solemn caveat that without in any way committing ourselves to a similar practice in future years, we shall now refer the Finance Bill for this year to a joint committee. For future years what I would suggest to you, with all respect, is to appoint a committee to consider, in consultation with the Members of Government, the proper way of dealing with the Budget, as to how it should be brought, where it should be brought, in what stages it should be brought, when it may be disposed of, and how the inconveniences to the Exchequer from postponing the passing of the Finance Bill may be obviated. Let the whole question be gone into and some suitable machinery be framed which may be applicable to future years. All that I now appeal to you to do, is not to reject this motion to refer the Bill to a Joint Select Committee, but to accept the motion this year. If you think, that in spite of the plain language of the Statute we shall in any way be compromising our rights, then enter a solemn caveat without in any way committing ourselves to a similar practice in future years. Under the circumstances, I do not think that anybody can contend that you will be compromising your rights in future years. As to the future, of course, it is a matter which would require consideration and very careful consideration both by Government and by the non-official members of the Assembly. I am sorry, Sir, to have trespassed upon your patience so long, and I beg to assure you again that I am as jealous as any of you of the privileges of this Assembly.

The Honourable Dr. T. B. Sapru: Sir, after the very able and lucid exposition of the subject by my Honourable friend, Sir Sivaswamy Aiyer, I do not think it is necessary for me to address the House at any considerable length. The position to-day is, that while Dr. Gour thinks or imagines that there is a point of constitutional law of considerable importance involved, one of his supporters, a retired Judge of a High Court,—I refer to my Honourable friend, Mr. Seshagiri Ayyar,—thinks in a different way, though he supports Dr. Gour's proposition on grounds of political expediency. The view taken by a late Advocate General of Madras,—I refer to Sir Sivaswamy Aiyer,—is as strong an exposition of the principle which I am going to submit before you as any one could put before this House. Well, if, however, the difference between two learned lawyers trained in India and a learned lawyer trained in England, I mean Dr. Gour, rested there, I should seriously have been disposed to reconsider the whole position. But I find, that so far as the constitutional question is concerned, an eminent member of the English Bar,—I refer to my Honourable friend, Dr. Nand Lal,—also took the same view as my Honourable friend, Sir Sivaswamy Aiyer has taken. So that, if I were addressing a jury on a question of law and not on a question of fact, I would say, 'here you have a retired Judge of a High Court and a leading member of the Punjab Bar supporting the constitutional view which I am going to ask you to accept as against one solitary member of the English Bar, the ornament of the Central Provinces'. There was, however, one remark in the speech of my Honourable friend, Dr. Gour, with which I am in thorough agreement, and it was that whatever view may be ultimately accepted by this House, it was absolutely necessary and desirable that we should come to some definite conclusion for our future guidance. I am sure, my Honourable colleague, Mr. Hailey, made the position of Government quite clear so far as their attitude with regard to this matter is concerned. He, so far as I was able to understand him, put the whole case on the ground of convenience. That case has been reinforced at great length by my Honourable friend, Sir Sivaswamy Aiyer. I, therefore, do not wish to take up the time of the Assembly by referring to considerations of convenience, nor do I wish to refer to considerations of political expediency. I will, therefore, meet some of the points of law which have been raised by my Honourable friend, Dr. Gour, this morning.

Now, the position, to my mind, is, that as a matter of fact there is no point of constitutional law involved in the whole discussion. It is really a point of procedure which is involved. It is on that ground and that ground alone that you have got to give your verdict. I shall not labour the so-called point of constitutional law at any length, but I shall briefly refer you to two or three sections of the Statute.

I will just rea dout to you section 63 of the Government of India Act, which deals with the composition of the Indian Legislature. It says :

'Subject to the provisions of this Act, the Indian Legislature shall consist of the Governor General and two Chambers, namely, the Council of State and the Legislative Assembly.'

Then comes an important clause on which considerable stress was laid by my friend, Dr. Gour, and which I shall try to explain to you in my own way.

'Except as otherwise provided by or under this Act, a Bill shall not be deemed to have been passed by the Indian Legislature unless it has been agreed to by both Chambers, either without amendments or with such amendments only as may be agreed to by both Chambers.'

Now, I will ask you to assume that these words 'except as otherwise provided by or under this Act' did not exist in that clause. I will ask you to assume that only for the time being. Then the rest of the clause would leave no room for doubt that a Bill could not be deemed to have been passed by the Indian Legislature, which is a bi-cameral Legislature, unless both Houses had agreed to that Bill either without amendments or with such amendments as might be agreed to by both the Chambers. Then, what is exactly the significance of these words 'except as otherwise provided by or under this Act'? How do they modify the substantial portion of that section? I will beg the House to remember one provision of the Act to which no reference has so far been made and which, to my mind, supplies the key to this solution of the difficulty. If you will kindly bear with me for one moment, I will refer you to section 67(*b* of the Government of India Act, which says 'where either Chamber of the Indian Legislature refuses to introduce or fails to pass in a form recommended by the Governor General any Bill, the Governor General may certify that the passage of the Bill is essential to the safety, protection, or the interests of British India or any part thereof', and thereupon may do certain things which are specified in the rest of that section. So that the position is this. The ordinary normal way of getting a Bill passed is putting it before the two Houses and getting the two Houses to consent to that. But it may be that the two Houses may not agree and there may be a serious difficulty in front of the Government. Therefore, to meet an eventuality of this character the law provides, that the Governor General has got certain powers, and when the Governor General exercises those powers under the law, the Bill, although it has not been agreed to by both the Houses, shall have the same force as it would have had if it had been agreed to by both the Houses. That, I submit, Sir, is the meaning and that can be the only meaning of these words 'except as otherwise provided by or under this Act'. Otherwise, these words which are used in that section would be absolutely meaningless. Now, before I proceed further, I will invite your attention to another important section to which, I must in fairness admit, reference was made by Dr. Gour, but at the same I may say that the full significance of it was not brought out by him in the course of his argument before you. I was referring to section 67(*a*) of the Government of India Act. I will just invite your attention to two portions,—rather to 3 sub-clauses of this section. And that, I submit, puts the whole thing beyond all doubt. Section 67(*a*) says:

'The estimated—(now this clause was not read out to you)—the estimated annual expenditure and revenue of the Governor General in Council shall be laid in the form of a statement before both Chambers of the Indian Legislature in each year.'

So that it is compulsory on my colleague, the Honourable Mr. Hailey, to lay the estimated annual expenditure and revenue of the Governor General before both the Chambers. That has been done. Then, I will invite your attention to clauses (5) and (6) of the same section. Clause 5 says:

'The proposals of the Governor General in Council for the appropriation of revenue or moneys relating to heads of expenditure not specified in the above heads shall be submitted to the vote of the Legislative Assembly in the form of Demands for grant'.

The vote is given to the Assembly and it is required that the proposals shall be placed before the Assembly. That has been done. Then clause (6) says:

'The Legislative Assembly shall assent or refuse its assent to any demand or may reduce the amount referred to in any demand by a reduction of the whole grant.'

That you have been doing during the last week or so. You have given your assent to some, you have withheld your assent from others. You have reduced the grant in regard to certain matters. Then comes clause (7), to which reference was made by my Honourable friend, Dr. Gour. It says:

'Demands as voted by the Legislative Assembly shall be submitted to the Governor General in Council who shall, if he declares that he is satisfied that any demand which has been refused by the Legislative Assembly is essential to the discharge of his responsibilities, act as if it had been assented to, notwithstanding the withholding of such assent or the reduction of the amount referred to therein by the Legislative Assembly.'

Now, the demands as voted by the Legislative Assembly have got to be submitted to the Governor General in Council, and it is open to the Governor General in Council to say that a particular demand which has been refused by the Assembly should, in his opinion, be granted. And, then, if he gives a ruling to that effect, it will have the same effect as it would have had if it had been assented to by the Assembly.

Now these are the various stages. My friend, Dr. Gour, built up an argument on this clause which I have just read out to you and the argument was this. Although there was no express statement to that effect, yet in his opinion sub-clause (7) of section 67(*a*) gave rise to a necessary implication to the effect that you could not refer a Tariff Bill to a Joint Committee of the two Houses, the argument being, that inasmuch as the right of vote is given to this Assembly, you cannot take the representatives of the other House into consultation with you at a time when the Bill is under consideration. Now, it will be admitted by every fair-minded person, that so far as the sitting of a Joint Committee is concerned, it was contemplated by the Statute itself—or say by the rules which have been framed in accordance with the Statute and which have the force of the Statute. Now, if it was really the intention of the Legislature or if it was really the intention of those statesmen who were responsible for this Act, that at no stage should there be a Joint Committee of the two Houses, that the Tariff Bill should be considered and passed by this Assembly alone, one should have expected the Statute to have run in a different manner. On the other hand, what is it that you find? The

Bill may be passed here and, quite apart from a Joint Committee, it may be sent to the other House. The other House may make any modifications or amendments; it will then come back to you. Therefore, if it was really intended either that the other House should have nothing to do with the Bill or that the other House *must* proceed independently of you or that you *must* proceed independently of them, why did not the Legislature say so in so many words? The very fact, that there is provision for a Joint Committee, I sumbit, shows that the Legislature contemplated the possibility, for considerations of convenience suggested to this House, that there might be a sitting of a Joint Committee. Now, here again, what is it you are invited to do? Are you invited really to surrender or abandon any right of your vote in favour of the other House? No, I say emphatically no. What you are invited to do is to ask the other House to select some of its own Members to meet some of the Members of your House, so that they may jointly consider the Bill, and after that, you part with each other, and you pass the Bill in your own House and they pass the Bill in their own House. You may make such amendments as you like, and they may make such amendments as they like. The report of the Joint Committee will no more be binding on you than it will be binding on the other House. That being the position, I submit, this fancied question of constitutional law does not, in my humble opinion, arise on the present occasion. I would, therefore, venture to submit, that whatever view you may take of the expediency of the question or of the convenience of the question, I would beg you not to commit yourself to a wrong view of constitutional law. So far as the question of constitutional law is concerned, we must be as jealous about the accuracy of it as we should be jealous about the privileges of our own House.

I do not think, that I shall be justified in taking your time further over any question of law, but there is only one remark which I shall venture to make. I have just been going through the report of the Joint Parliamentary Committee with a view to find as to whether there was anything in that report which lent colour to the view which has been so emphatically put forward before you this morning by my Honourable friend, Dr. Gour. I confess, that I have not been able to find anything there which would lend support to the view which has been put before you by Dr. Gour, and in the matter of construction of a statute, I do not think that it would be right to read between the lines what does not appear on the face of it. Therefore, I will ask you not to surrender yourself to the fear that there is any question of a constitutional character arising in this case, or imagine that you are really abandoning a valued right in favour of the other House. You are doing nothing of that kind. You will be retaining firmly and strongly that right in your own hands and at the same time securing the convenience of the two Houses by adopting the motion which the Honourable Mr. Hailey has put before you.

Mr. Eardley Norton: Mr. President, we have had three learned Doctors, all diagnosing the same disease, and all giving prescriptions which contradict each other. Into the question of law I have no wish to enter, as I propose to found what I have to say upon considerations uninfluenced by any question of law.

Sir, we, I mean this House, are either possessed of sole and exclusive jurisdiction over all Money Bills, or we are not. If we are, this motion is *ultra vires*. If we are not, I hope that we shall begin to ask for it. I look forward to the time, I trust, not in the very far distant future, when this House shall have expanded itself from its present nascent condition into what really will be a House of Commons with sole jurisdiction over taxation. We have to look upon ourselves—we who are to-day something more than merely ephemeral and transient nonentities—we have to regard ourselves as the outpost sentinels of posterity holding the keys of the citadel. If we surrender or retreat, we shall endanger those who are coming after us. Our duty, our interests, and our honour compel us to stand firm. I am implacably opposed to any measure, however slight, which will open the gates for the Council of State to intermeddle with any question affecting money grants. We must remember that this is the first preliminary skirmish which in the years to come will develop into serious pitched battles, and I consider that we should help our successors by refusing to do anything to-day which will in any way or to any degree facilitate the introduction of the Council of State into questions of finance. If we have sole power over Money Bills, then this motion is an invasion by the Council of State upon our premises. If we have not got it, I propose that we shall use every effort to accelerate our right to possess it. Such a request must eventually be complied with. To-day heralds the advent of a fight. Let us meet it like men, not yield an inch of our ground.

I propose, however, to ask this House to reject this motion not upon any constitutional legal footing, but upon quite another ground. The question of convenience urged at such length, I can only hope is a question which will have little effect with us. I am, one of those, and I believe there are many such in this House, who have come up here at great personal inconvenience to ourselves financially. I am not complaining of it. We did it with our eyes open, and if we have chosen to surrender our professional practice, we have no one to blame but ourselves. The solution is easy, we can resign. But as a matter of fact, having come so far, I trust, and there are other Honourable Members in this House who will agree with me, that when the question is put to us of an election between our own convenience and our duty to our constituents and to our principles, the latter shall prevail. Whatever may be the inconvenience to ourselves, when we are confronted with a position such as this, which is merely the thin end of the wedge, we shall, I trust, be resolute, not merely resolute, in our opposition to the motion but resolute, however

unwillingly, to postpone and possibly sacrifice our own conveniences to the duty which we owe to the people who have sent us here and to the principles we profess. As I have said, the question is whether we have this plenary and exclusive jurisdiction or not. If we have not,—I do not wish to enter into that debate—if we have not, I ask this House to begin to claim it and begin to claim it with no uncertain voice from to-day. Let us from to-day be adamant in our decision that we shall not offer any facilities of any sort which shall hereafter permit the Council of State, by any concession on our part, however diagnosed, to have a voice in the question of Money Bills. There is no need, Sir, to refer this matter to a Joint Committee. If you want a committee, there is abundance of financial and commercial ability in this House whose assistance is at our disposal. I do not for a moment wish to suggest that we embody all exclusive ability, financial and commercial, in ourselves. I gladly and readily admit, that there are men in the other House whose experience and opinions would be of great service to us, on any general question outside finance. But, on the question of money grants and the question of ways and means, I do ask this House to be strenuous and inflexible in its attitude of resistance and to reject this motion. Let me point to one serious objection to a Joint Committee. We of this House number 146 and the other House numbers about 60. Under the provisions of the rules in force, if we sanction a Joint Committee, we shall meet upon that committee, not in proportion to our respective numbers, but on a footing of numerical equality. I strongly protest against that, against all that it implies, against all to what it must lead. Why should the Council of State which has only 60 members enjoy an equal voice on a division with a House which represents very nearly three times the number of the Council of State?

I should like to point out another very serious matter, Sir. Supposing this House brings forward on a Joint Committee a proposition, take it broadly, on a matter of taxation, and that matter is debated and the Joint Committee divides upon it; if the votes are equal, this House loses its proposed taxation, because under the rules on an equality of votes on a division, the negative is to prevail. I venture to suggest that we shall be betraying our duty and our trust to those for whom we sit, if we permit at this early stage in the history of our own evolution an interference of that sort. If the Government wants assistance, it can find within the walls of this Assembly. I do not myself personally believe that a reference to a Joint Committee will in any way expedite matters. I believe on the contrary that it will prolong discussion without effecting any useful purpose. I feel perfectly certain—and we have to look forward through the veil of the future far beyond even to-day—that we should be acting wrongly and unfaithfully if we countenance association with the Council of State on matters of ways and means. That Council—if it elects to deal with the Finance Bill—will deal with it according to its lights. The Bill may be returned to us with amendments with which we disagree. We shall return the Bill. If the other Chamber persists, then in the event of a division between the two Houses, matters will eventually come to a deadlock and both Houses will ultimately have to meet in a full session.

Now, Sir, the framers of our Constitution, I presume intentionally, have supplied us with a complete and formidable engine of resistance against the other House on these money questions. We are the preponderating House in numbers, and if we meet them in a joint session we can beat them, and I propose that we shall. If they will not give way to this House on questions of finance, very well, we will meet them in a full session of both Houses and, being armed with our constitutional majority, we shall be in a position to carry out our views in spite of all opposition. Why should we sacrifice that advantage now? Why should we abandon it or why should we allow such a power as this to be frittered away? I hope that the members of this House will see what all this is leading to—I do not mean on the part or on the intention of Government. It will lead year by year to a larger claim being put forward by the Council of State, to a larger abandonment of our own responsibilities and of our own trusts, and to a larger surrender of privileges which, if we do not possess them in their entirety at present, I am satisfied this House will possess within an appreciable period. Therefore, I do ask you to stand fast as well in the protection of your own interests as in the vindication of claims which by the common consent of civilised communities should belong to those with whom rests the responsibility of taxation. Even the Act, quoted by Sir Sivaswamy Aiyer, which creates the Council in South Africa shows that the trend of all modern politics is to vest the sole jurisdiction in money affairs in the democratic House. If South Africa under British tutelage asserts and enforces that claim, why should India abate one iota of a kindred right? Let us assent to nothing to-day which to-morrow may delay or embarrass our successors. If we accept this motion, we will be relaxing, it may be only fractionally, but still by a dangerous fraction, our hold upon the public purse. And the Members of this House know that what they are struggling for is this hold. At present we have place without power, and there never will be power until we get complete control of the purse. If we abate our right to insist upon keeping these preserves to our selves, we shall be yielding the outpost to the invader. Let us be wise and faithful and strong. Let us at the first scent of battle gather our forces and men and hereafter stand united and determined to abandon nothing, to concede nothing what shall impede our right to control the taxation of the country ourselves.

I, therefore, ask you to reject this motion.

Mr. Wali Mohamed Hussanally: Sir, I move that the question be now put. (Cries of 'No, No'.)

Chaudhuri Shahab-ud-Din: Sir, the question now before the House having been discussed by eminent lawyers like Dr. Gour, the Honourable Dr. Tej Bahadur Sapru, Sir Sivaswamy Aiyer, Mr. Eardley Norton and Mr. Seshagiri Ayyar, it is perhaps too much on my part to place before the House a few observations which might appear to be quiet novel.

Sir, I, as a lawyer, do not think that rule 101, that is, the rule which permits the formation of a Joint Select Committee, is constitutionally consistent with the Government of India Act. According to my light, the rule is *ultra vires* and inconsistent with the Government of India Act. Wherever that Act intended to provide a joint meeting of the two Chambers it has made express provision for it. Sir, I beg to refer to sub-section (*3*), section 67 of the Government of India Act. That sub-section provides:

'If any Bill which has been passed by one Chamber is not, within six months after the passage of the Bill by that Chamber, passed by the other Chamber either without amendments or with such amendments as may be agreed to by the two Chambers, the Governor General may in his discretion refer the matter for decision to a joint sitting of both Chambers;

Provided that standing orders made under this section may provide for meetings of Members of both Chambers appointed for the purpose, in order to discuss any difference of opinion which has arisen between the two Chambers.'

Now, it is quite clear that there are two contingencies in which joint meetings might be held. The first contingency arises when for six months a Bill has not been passed by one of the Chambers, and the *second*, where a difference of opinion has arisen between the two Chambers.

[At this point, an Honourable Member (Babu B. P. Singh) stepped between the Chair and Chaudhuri Shahab-ud-Din.]

The Honourable the President: Order, order. The Honourable Member is committing the same Parliamentary crime that I drew attention to yesterday.

Chaudhuri Shahab-ud-Din: Thus there are these two express provisions for joint meetings either of the whole Legislature or of a few Members appointed by each House. I conclude from this, that this rule (rule 101) for Joint Select Committees is an innovation which goes beyond and against the express provisions of the Act. Had the framers of the Act intended that Joint Select Committees should be held they would not have failed to express their intention when they had made that express provision in section 67(*3*) about joint meetings to be held on the occurrence of contingencies mentioned in the Act itself.

Sir, there are some other objections as well which arise in this connection. Let me assume for the sake of argument that a Joint Select Committee is formed and that that Joint Select Committee has submitted its report. Where would that report go? Would it be placed before this House or before the other House or before both Houses. These are the only three possible courses and there is no fourth which I can conceive of. Now I take the first case, *i.e.*, when the Select Committee's Report is placed before this House for consideration. This House will then be considering, what? Not a report submitted to it by its own members but by persons who are not responsible to it and who are not its members. I mean those members of the Joint Select Committee who do not belong to this House. Again, the same may be said about the Council of State. When considering that Select Committee's Report, they will not be considering the Report of a Committee appointed by them or of a Committee which is responsible to them but of a Committee only a few members of which are responsible to them. When I read the opening words of section 67, it becomes still clearer to my mind that the framers of the Act never intended that there should be any Joint Committees for any purpose excepting the two which are expressly enumerated and mentioned in the Act.

Section 67 opens thus:

'Provision may be made by rules under this Act for regulating the course of business and the preservation of order in the Chambers, etc.'

And the last two lines of the opening paragraph of the same section run as follows:

'And the rules may provide for the number of members required to constitute a quorum, and for prohibiting or regulating the asking of questions on, and the discussion of, any subject specified in the rules.'

Now, these words do not suggest that the framer of rules could make provision even for Joint Select Committees, especially when that subject has been expressly dealt with by the framers of the Act themselves in sub-section (*3*) of the same section.

Sir, the next question which presents itself is the equality of numbers of both the Houses who will, if rule 101 is not *ultra vires*, constitute the Joint Select Committee. This has already been pointed out by the Honourable Mr. Eardley Norton.

It does not require any juristic arguments to show that, on the very face of it, it is preposterous that a House which consists of more than 140 Members should contribute half the number, that is, 10 delegates or representatives, while a House which has got only 60 Members should delegate the same number of Members. That, Sir, to my mind, is so very shocking to common-sense, that it carries its own refutation with it, especially in view of the provisions of section 67 (*3*) of the Government of India Act, when the Legislature has not made the invidious differentiation of equalising the numbers when any measure is to be

discussed by both Houses, why should such a differentiation be made by rule 101 when a select committee is to be constituted for considering the provisions of any Bill and reporting upon it. In my opinion, therefore, the rule relating to the equality of numbers is inconsistent with the express provision of the Act. It is clear from what I have said that the framers of the Act had in their minds two cases, one of which would arise when for six months it has not been possible for the one or the other House to pass a Bill in that House. It was in view of this contingency that provision was made authorising the Governor General to intervene and to call for a joint meeting of both the Houses. The object does not appear to be that an important measure, like the Finance Bill, should be rushed through a select committee containing ten representatives of *each* House who may consider it and finally place their report before either or both Houses. Sir, the Finance Bill is a very important measure; it has very far-reaching consequences, and this House has devoted, if I may be permitted to say it, about three weeks on discussing its basic provisions. Now, on the foundation thus laid, a superstructure is to be built. We are told 'Well, there are other masons as well; they are as skilful as you are; will you take them with you in the construction work?' Sir, we refuse the offer very respectfully; we will be responsible for the construction; be it good or be it bad, we take the responsibility. It is said, that the Bill has ultimately to go before the other House. Well, let that House reject or accept it when it goes to it. Let them propose amendments if they please. There appears to be some confusion on one point. With the permission of the House I it would like to clear up. Some Honourable Members appear to be under the impression that unless a Bill passed by one House is accepted in its entirety by the other House or unless the amendments proposed by the other House are accepted in entirety by the original House, the measure does not become at all effective. This is not the case. Reading section 63 of the Act, I find 'Except as otherwise provided under this Act a Bill shall not be deemed to have been passed by the Indian legislature unless it has been agreed to by both Chambers, either without amendment or with such amendments only as may be agreed to by both Chambers'. Then, further on, a provision is made in section 67 (3)—I have read it already—for making up differences if there are any. Now, if one House is negligent, contumacious or stubborn enough not to pass a certain Bill which the Governor General wants it to pass, provision is made giving the Governor General certain powers. He can refer the Bill to a joint meeting of both the Houses. Provision is also made in section 67 (2) of the Act that in case of emergency the Act as passed by one House will be given the force of law by the Governor General; in which case the Governor General will submit it to Parliament, and the Act shall not have operative force until His Majesty's assent has been received. In the face of all these salutary and wholesome provisions where is the necessity of rushing this measure through? Why appoint a Joint Select Committee? Let the measure be referred to a select committee of this House and let it submit its report; and when the Bill is finally passed let it be placed before the other House. If that House is not willing to accept the Bill as passed or proposes certain amendments, we shall be only too delighted to consider them if they are reasonable and acceptable. Suppose a period of six months elapses. The Bill is a very important one; it is a financial measure and cannot be delayed. Section 67 (3) of the Act presupposes cases where Bills may remain pending for six months or more. If this Bill is not passed by the other House before six months, what will happen? After it is passed by this House, the Governor General—I submit—has got the power to sign it as a measure of emergency and thus give it legal force. I am not prepared to take as participators in my privileges those who are not sharers in my responsibility. Why should they share the rights and not the duty. They should wait. When our Bill comes before them, they can say what they like. With these remarks, Sir, I oppose the motion of the Honourable the Finance Member.

Sir Frank Carter: Sir, I look on this thing from a business point of view. I am a business man, and I wish to see this Finance Bill considered in a business way and by the best business men. We must remember that there are men in the Council of State, members of very prominent Chambers of Commerce in this country, whom we want to assist us to discuss this Bill. They are men who are cognisant of taxes, duties, surcharges and such like; and it is desirable, I think, in the best interests of the country, that before this Bill is passed, we should obtain their opinions. I wish to preserve the privileges of this House as much as anybody, and I do not think by supporting this motion for a joint select committee to examine this Bill that I am taking away from these privileges at all. I am not a lawyer, and I am afraid I cannot argue with my friend, Dr. Gour; but I cannot see from a layman's point of view that there is anything in the Montagu-Chelmsford Report or in the India Act which excludes a Finance Bill from the procedure necessary for every other Bill. As regards the question of precedent, which was mentioned by some Honourable Members, we should be a poor lot, I think, if because we adopt a certain policy at one session we must necessarily go on adopting that policy at all other sessions.

Mr. Jamnadas Dwarkadas: I wonder, Sir, if the intervention of a layman at this stage, especially after eminent lawyers and learned doctors have waxed eloquent on this subject, can be of any assistance in coming to a decision on this important question. But it seems to me, and I am sure my friends the lawyers will also grant this, that laymen as we are, we cannot be said to be devoid of common sense which I think is the common property of sensible men. I do not for a moment, I may say clearly at the outset, see any

difficulty in accepting the motion that has been brought forward by the Honourable the Finance Member. So far as the constitutional objection raised by Dr. Gour is concerned, I think his supporter, my Honourable friend, Mr. Seshagiri Ayyar, himself, and Sir Sivaswamy Aiyer and also the Honourable the Law Member have dealt with it completely and have proved conclusively that that objection cannot hold water in the slightest degree. The fact does remain, that in accordance with the sections of the Government of India Act, the power is vested in the Council of State to deal with this piece of legislation, namely, the Finance Bill, as much as with other pieces of legislation that arise in the Indian Legislature ; that there is no distinction made between the power that is vested in the Legislative Assembly, where other legislation is concerned, and this particular legislation. It was pointed out, that that distinction does exist in the House of Commons and in the House of Lords, that the House of Lords has no power to move amendments and to send them on to the lower Chamber, that the House of Lords can only accept, and not reject a Money Bill and can do no more. (Voices: 'Cannot reject') But that distinction does exist in the House of Lords and in the House of Commons. Now, I may point out, Sir, that, if my memory does not fail me, this distinction which exists in England was pointed out, I believe, to the Secretary of State and to the Joint Committee by various members of the Indian deputations that went to England to give evidence before the Joint Committee. If I am not mistaken, many prominent Indian members insisted that that distinction should also exist in the Indian Legislature, and after a good deal of discussion it was deliberately decided that that distinction should not exist in the Indian Legislature that, so far as the powers of the Council of State were concerned, they should remain the same both in the case of other legislation as in the case of the Finance Bill. So I take it for granted that Dr. Gour's contention that by the constitution of the Government of India Act, that power does not vest in the Council of State, falls entirely to the ground.

Sir, I was greatly relieved by my Honourable friend, Mr. Eardley Norton, getting up and telling us that he would *not* discuss the question from the point of view of a lawyer, and he placed certain objections against accepting the motion of the Honourable the Finance Member from the point of view of one who valued the privileges of this popular Assembly and who was anxious not to part with one inch of the power that is vested in this Assembly in regard to control over finance. I fail to understand how my Honourable friend, Mr. Eardley Norton, takes it into his head, if I may be permitted to say so, to believe that by acceding to the motion of the Honourable the Finance Member we are giving up an inch of the power that is vested in us. After all, what are we doing ? We are appointing a joint committee of the two Houses, but we are not giving away all our powers to this joint committee ; we are not giving them all the authority that we have of discussing and coming to a decision on this question of the Finance Bill ; we are not giving away any of our powers. We are appointing this committee with a view to deliberate upon the question of the Finance Bill in a better manner when it comes to us again after it has been shaped and reshaped by the joint deliberations of the committee of the two Houses. It is for facilitating our further discussion and decision on the Finance Bill that we are appointing this committee for the purpose of reshaping the Bill in the light of the opinions that have been expressed here in the course of the Budget discussions by the Members of this Assembly. Now, sir, it was my Honourable friends, Mr. Eardley Norton and Chaudhuri Shahab-ud-Din, who pointed out that we should not part with an inch of the power that is vested in us, that we should be sanguine of deciding the question of finance ourselves. I think I have proved conclusively that we are not giving away, we are not parting with an inch of the power that is vested in us. I want the Members of this Assembly to remember that the Bill is going to come to us again for discussion and deliberation after it has been re-shaped by the joint committee of the Council of State and the Legislative Assembly and, when it comes back to us again, we have the power, as we have now also, to move amendments again, and to press for our amendments, and the Assembly shall decide to include our amendments in the Bill before it goes to the Council of State for further discussion. Now, Sir, are we diffident about our own powers of insisting on our rights of including our amendments in the Bill when it comes to us for discussion again if we happen to disagree with the conclusions that may have been arrived at by the deliberations of the Joint Committee ? Shall we not have the power of persuading the Assembly to accept our amendments when the Bill comes to us here again for discussion ? Have we no confidence in our own powers to nullify the doings of the Joint Committee if we find that our representatives on the Joint Committee have not been true to us ? I think, Sir, we have certainly the necessary powers in this respect. And, then, when we have nullified the doings,—I take the extreme case as an illustration,—when we have nullified the doings of the Joint Committee, when the whole House as a body unanimously has nullified the doings of the Joint Committee, and when the reshaped Bill goes to the Council of State, the Council of State will have either to accede to the suggestion made by us or will have to risk the decision to be arrived at at a joint session.

Now, Sir, the whole of this House or a very substantial majority of this House holds a particular view with regard to the Finance Bill. Are we not in sufficient numbers to overpower the number of Members that will come to the joint session from the Council of State. If, however, there are Members of this Assembly, a large number of them, who will side with the Members of the Council of State, then it will not be the fault of the Joint Committee. It will be the weakness of our own case. I submit, Sir, that there is not the

slightest need to be afraid that we shall be losing anything by referring the matter to a Joint Committee of the two Houses.

An objection was raised by my friend, Mr. Eardley Norton, and also by my friend, Chaudhuri Shahab-ud-Din, as to the numbers that should represent this House and the Council of State on the Joint Committee. Why, they said, should there be an equal number? Now, I ask you to consider the process that will come into existence for the time being. Ten Members of this House and ten Members of the other House sit together to consider the Finance Bill. If there is a likelihood of the ten Members of the Council of State taking one view, and holding to their view obstinately, it will be open to the ten Members of the Assembly, if they take the opposite view, to say: 'You may take this view now. You may probably get this view included in the Finance Bill that has to be sent to the Legislative Assembly. But take care, if you thus oppose us and obstruct our work here, we shall persuade the Assembly to reject the suggestions that you have made'. Certainly the ten Members have the power to say that, with the result that the Members of the Council of State will always be anxious to adapt themselves to the views of the Members of the Legislative Assembly. We can always hold this pistol against the heads of the Members of the Council of State. If you do not adapt yourselves to our view, then we have the power by the strength of numbers to persuade the Legislative Assembly to reject all the suggestions that you have made. We have all these powers in our hands. And, as a matter of fact, instead of doing harm to us, to have an equal number from the Council of State and to bring them round to our view will be a great help to us inasmuch as these ten Members in the Council of State will be a tower of strength to us in supporting our view in that House. I say, Sir, that, from all points of view, it appears to me that we shall not be losing any power that we possess in acceding to the motion for the appointment of a Joint Committee, and I think we shall gain a good deal. It will show a lack of confidence in our own powers of arriving at the decision to which we want to arrive if we threw out this motion for a Joint Committee.

I have nothing more to add, but I do feel that as business men—and I am sure this House is composed of men of business—we shall be acting wisely in acceding to this motion and I am sure, that if we accede to this motion, we shall not be doing any injury to the privileges of this House.

Mr. A. V. V. Aiyar: Sir, with your permission, I rise to make one point clear to the House with reference to this discussion. I invite the attention of this House to the latter part of clause (*6*) of the Bill introduced on the 1st March. It declared that it is expedient in the public interest that this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. The precise effect of that declaration is, that the increased customs tariff rates are being collected from the 1st March 1921, the day on which the Bill was introduced in this Assembly. If the Bill is not passed into law before the end of this month the result will be that the money which we are collecting will have to be refunded, and we estimate this amount to be about 70 lakhs of rupees. I only wanted to explain this point.

The Assembly then adjourned for Lunch till Three of the Clock.

The Assembly reassembled after Lunch at Three of the Clock. The Honourable the President was in the Chair.

The Honourable Mr. W. M. Hailey: Sir, in my opening speech I endeavoured to make it clear that the interests of Government in this matter were simply the expedition of business and nothing more. Sir Sivaswamy Aiyer further pointed out that under the provisions of the Provisional Collection of Taxes Act, unless we get through the legislation in regard to the tariffs within a month, we should be losing a good deal of money, and my friend, Mr. Ayyar, has given the House an idea of the amount, namely, 70 lakhs. That is a sum of money which, I am sure, the House, if it approves of our tariff provisions, would be very unwilling to lose. There will be no compensating advantage since the money has already been collected and would have to be returned. As I said before, although I have put forward this motion honestly in the belief, that it would lead to the expedition of business, I have no further interest in the matter. The Government is not, in any way, necessarily wedded to this course rather than to any other course; as far as we are concerned, it is a matter of procedure rather than of substance. The discussion on my proposal has, however, taken a turn which on behalf of Government I must beg leave to deprecate; I think that neither the interests of this House nor of the country at large are in any way served by attacks on the powers of the other House. The constitution of the Legislature into two Houses has been given to us by Parliament, and it can only be modified by Parliament. I am unwilling, Sir, that by remaining silent longer, and by refraining from such action as is in my power to terminate these discussions, I should lend myself to the charge that Government is prepared to stand by and allow those attacks to continue. I shall not enter into the controversial point regarding the powers of the other House in regard to taxation. It is perfectly clear to me at all events, and I fancy to the House, that the objection on constitutional grounds raised by Dr. Gour is perfectly dead, and I shall not seek to heap stones upon it tomb. But in a case of this sort, Sir, where a large number of the Members in the House

feel deeply on one side, rightly or wrongly, on what they deem to be a question of principle, while other Members of the House hold the opposite view on a question of expediency, I fancy that it is wise on our part to give way to those who express themselves on the question of principle rather than hold merely to the question of expediency. In one case you have to meet a deepseated feeling, the frustration of which may mean subsequent resentment and friction; in the other case you have merely to run the risk of adopting a course of action which may involve delay or inconvenience. In this view, therefore, Sir, in order that discussion of a type which I have ventured to deprecate may come to a close and also that we may be free from any further chance of friction on the constitutional aspect of the case, I propose to ask you, Sir, to allow me to amend my original motion and to ask 'that the Bill be taken into consideration by the House on a date to be specified,' namely, to-morrow. I cannot pretend, Sir, that I myself consider that this is the most expedient course, but I believe, that in the circumstances it is the wisest one for me to put before the House.

The motion was, by leave of the Assembly, withdrawn.

The Honourable the President : The question is :

'That to-morrow, the 18th of March, this Assembly do take into consideration the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.'

The motion was adopted.

The Honourable Mr. W. M. Hailey : I hope I may be allowed your indulgence, Sir, to make one further proposal, and that is, that I think that many of the Members of this House, under the belief that this motion would be carried and that the Bill would come before a Joint Committee, have deferred putting in amendments. If there be any such, Sir, I hope that you will so far waive the rules of the House as to allow them to put in their amendments to-day, in order that they may be considered to-morrow and on the subsequent days of the discussion.

Mr. Mahmood Schamnad Sahib Bahadur : I propose, Sir, that the Bill may be taken into consideration to-day.

The Honourable the President : The House has just decided to take the Bill into consideration to-morrow.

In reply to the point raised by the Honourable the Finance Member, I may say, that the Chair will meet the convenience of the House in that matter.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Friday, 18th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—THE INDIAN FINANCE BILL—*contd.*

FINAL STAGE—*contd.*

The Honourable the President: The Assembly will now proceed to the consideration of the Finance Bill.

The first amendment on the paper in the name of Mr. Venkatapatiraju, as well as the two which follow, deal with the title and preamble of the Bill. Until we have dealt with the clauses of the Bill and know what amendments may be moved and carried, we can not tell what will be either the preamble or the title of the Bill. Therefore, consideration of these first three amendments in the paper must be postponed. We will proceed with clause (1).

Mr. N. M. Samarth: Sir, I propose that to clause (1), the following be added, namely:

'It shall remain in force only till the 31st March, 1922.'

Well, Sir, the object with which I have proposed this amendment is, that so far as ble, this House should develop the traditions and conventions of the House of Commons. Yesterday there was a debate upon a question which raised a similar matter for disposal before this House. I will not refer to it, but I will say this, that every Member of this Assembly, whether official or non-official, European or Indian, will, I hope, be imbued with the idea of developing in this Assembly the conventions and traditions of the mother of Parliaments No precedent should be created, as far as possible, which will thwart and not facilitate the development of these conventions. I have placed this amendment before the House in order that, in course of time, we may have in this House something like a Consolidated Fund Bill, an Appropriation Bill and an annual Finance Bill. In the House of Commons, certain taxes are annually voted, giving to the Members of the House of Commons an opportunity of bringing practically a vote of censure on those in power. If their policy has been such as not to be in accordance with the general public interests, then it is open to the Opposition to throw out their annual Bills with the result that they go out of power. I wish that this Assembly, although it has not the power to turn out the Government by a vote of censure, will develop at any rate this, namely, that every year the Finance Member and the Government will come before this House and render an account of their stewardship, so that if the taxes that they have levied during the year are justified, and their financial arrangements are justified, we may renew them or modify them just as may seem proper. It is with that view that I have brought forward this amendment, and I trust that it will commend itself to the Assembly.

The Honourable Mr. W. M. Hailey: I wish to draw the attention of the House to the items of which this Bill is composed. There is the Tariff Act, the Post Office Act, the Income-tax Act, the Super-tax Act and the Freight Act. Now I can quite see the attraction of forcing us to render a full account of our stewardship every year, though I may say that I was under the impression that the existing Budget procedure already forced us to do so. And I quite see the attraction to this House of the proposal that our taxation shall be renewed at the will of the House every year. I see no reason, for instance, why the procedure of renewing income-tax every year should not be followed. That suggestion seems to me to be unobjectionable, because people do not enter into large commitments or expectations on the basis of the prospects of the rates of income-tax for the coming year. Then, again, Sir, I see no reason why such a charge as that on freight should not, if necessary, be renewed every year; indeed, as I pointed out in my Budget, we hoped that the freight surtax would be of a temporary nature only and that the revision of goods freights would take its place before the end of the year. There would in any case seem to me no reason why this should not be of a temporary nature because, here again, I do not think it would disturb greatly the course of trade if it were so arranged. Again, as regards the Post Office, I see no reason why rates taken under the Post Office Act should not be fixed year after year as long as reasonable notice is given to people in advance.

I have taken the items of the Bill in inverse order because I desired to leave the most difficult item to the last; that I mean relating to tariffs. That is a question on which the opinion of the commercial members of this House would be very valuable, both to us and to the House itself. Would it, or would it not, be embarrassing to trade if it realized that our tariff duties were fixed definitely only 12 months ahead? Would merchants, or would they not, be able to make their commitments well in advance as they always desire to do?

Would it, or would it not, mean that towards the end of the year people so far from taking their goods out of customs, would leave them there in the hope, that Government having been forced to retrenchment, might reduce the tariff? I say that these are the doubts that occur to me and I should like to hear what the commercial members in this House have to say in the matter. My own view is, that it will lead to a very great state of uncertainty on the part of trade if our tariff came definitely to an end at the close of the year and the whole scheme of charges were open to revision every twelve months.

We have heard a great deal regarding the disturbance of trade due to exchange; I am not at all sure that an addition to these uncertainties due to the indefinite duration of the tariff might not seriously damage the trade of the country.. It cannot again be a very welcome prospect to this House that those differences of opinion that are being voiced as between Lancashire and India should be repeated year after year when the tariff comes under reconsideration. I am perfectly prepared as regards the remaining items to admit the suggestion put forward for annual legislation, but I say that there are very grave doubts as to the wisdom of fixing the tariff charges on a temporary basis.

Mr. A. D. Pickford: Sir, I respond as promptly as I possibly can to the invitation that has been extended to the commercial members of this House by the Honourable Mr. Hailey.

I endorse in as strong a manner as possible and I am quite sure I will have with me all those members, who are connected with industry and commerce in India,—every word that has fallen from the lips of the Honourable the Finance Member.

Already the element of uncertainty with regard to the alterations in tariffs is one of the disturbing factors in the commercial and industrial operations in this country, and, if I may say so, I think the House should be very careful before adding any further uncertainty to the difficulties which at the present time are in any case abnormal.

It is not merely the direct effect of possible cataclysmic changes hanging over commerce for the last few months of the financial year, but there is a subtle sense of uncertainty involved in a proposal of this sort which will undoubtedly act to the detriment of commerce and industry in this country. At the present time when everybody, whether engaged in business or otherwise, is especially concerned in encouraging commerce and industry as being the great hope of the economic future of the country, I say that in these circumstances, a proposal of this sort should be very carefully considered, indeed, before it is accepted and I can say that it is beyond all question that those engaged in commerce and industry in India will be very deeply disturbed should any such proposal be carried.

Rao Bahadur T. Rangachariar: Sir, I can see that there are advantages as well as disadvantages in this question. But the question which we have to consider is as to whether the advantages outweigh the disadvantages. The first point which occurs to me is that we are now passing through a transitional stage and it is necessary for the Assembly to learn by the experience of one year or more as to how far the finances of this country can be kept under control. With that view in mind we must see exactly where we are financially. We must also see whether the new rates which we are enforcing as regards customs duties are suitable or not. We cannot foresee what the effect of the imposition of those rates will be on the imports and exports of the country. If we work on a permanent basis, we may not be able to review the question as easily as we could if the rates were enforced for one year only. After all we are imposing a higher rate on customs duties because of our financial stringency and not as a matter of protection of our commerce and industry, it is only a question of improving our financial position. If our financial position improved in the course of a year in the sense that we could cut down expenditure, then it would not be necessary to impose such a high tariff on goods. And whereas now we are willing to impose a certain tariff on goods which we consider to be luxuries, we may be inclined to renew the rates at the end of a year and in certain cases we may be able to abolish the tariff.

At a time like this when we are learning our business in this Assembly, I think it should be considered that we are making an experiment and that we should try these rates for the time being and see how they act; especially as regards customs duties—take tea for instance—it would be much better if the rates were renewed annually by legislation as in England.

And as many of these goods are imported, and as our industries in the country have not progressed as fast as we could wish, and as we have to see whether the trade of the country, the industries of the country are going to suffer or benefit by this new taxation, I think it is highly desirable that we should keep it in force for one year only. And one great thing which I have in view is this, as I have mentioned already, that it will put a check upon the growth of expenditure if the Finance Member knows he will have to come to the Assembly again and give an account of any extravagant expenditure either on the military or the civil side—he will have to give a true and full account of his procedure. I, therefore, Sir, strongly support the amendment of Mr. Samarth and I have given notice of a similar one myself and I will ask the Assembly to accept the amendment.

Mr. Manmohandas Ramji: Sir, I beg to support the views expressed by my Honourable friend, Mr. Hailey, especially on the Tariff Act, that if it is going to be an annual thing to come before us, it will upset the trade considerably, because, orders have to be placed months before the season commences especially with regard to piece-goods, and it is very

difficult for the people to foresee what changes are going to take place at the time of the Budget. I think if the Tariff Bill is not disturbed for some time, it would be much better and, therefore, it should not be compulsory to disturb it annually. In case of need, it is open to either the Finance Department or the Members of this Assembly to bring in propositions to make any alterations which they desire, at the time of considering the Budget.

Dr. H. S. Gour : Sir, as I have given notice of a similar amendment which is on the agenda, I may be permitted to justify it in connection with the Honourable Mr. Samarth's amendment. I congratulate the Honourable the Finance Member on simplifying the issue. He has conceded that, so far as our amendments relating to post office, freight, income-tax, and super-tax are concerned, there is no objection to the Finance Bill being limited to a year. But he says that, so far as the Tariff is concerned, the matter is one which could not be readily conceded without reference to the commercial interests of the country. And the Honourable Mr. Pickford and the other speakers have pointed out, that if the Tariff Bill is to become an annual Act, it will disturb the piece-goods trade. Now, Sir, the Honourable Members who have spoken on this subject have taken it for granted that the Tariff Bill will *ipso facto* cease to exist and it will not be renewed. But that is not the purpose of the amendment. All that the amendment demands and desires is that at the conclusion of one year the Tariff Bill should be subject to the review of this House and, if this House comes to the conclusion that a continuance of the Tariff Bill is necessary, it will be as a matter of course renewed. The only difference between the Bill as it exists and the Bill as we wish it to be amended is this. The Bill as introduced will continue to be law till it is modified or rescinded. Whereas by limiting it to a period of one year, it will come up for revision at the conclusion of one year. I do not see any difference, therefore, so far as the commercial members are concerned. The commercial members apprehend disturbance of their trade if the Tariff Bill is limited to one year but I would beg to ask them what difference would it make if the Tariff Bill continues as it is and next year this Assembly moves for its revision. The difference is not a difference in principle but a difference merely in procedure and the difference in procedure is this, that while, in the one case, it will continue till it is amended or annulled, in the other case, it will *ipso facto* come up before this Assembly for the purpose of reconsideration. That is all the difference between the original motion and the amendment.

Then, Sir, one speaker remarked that this Bill at the end of the year will cease to have any effect and that, after that, people who have placed contracts in advance will be losers. But I have just pointed out that that is a contingency which exists in all cases, whether the Bill is limited or is not limited to one year. So long as the Budget is subject to a vote of this House, it is for this House to decide as to what extent the demands made by Government should be made and in what manner. Therefore, all measures of taxation are subject to the review of this House and I therefore submit that there can be absolutely no objection to this measure being limited to one year, so far as the Tariff itself is concerned. One word more, Sir, and it is this. The Honourable Mr. Samarth has made his amendment somewhat more rigid. He says it shall remain in force only till the 31st March 1922. My amendment is, that it shall remain in force for only one year, that is to say, from the date of its enactment. I submit, Sir, the more elastic provision contained in my amendment would probably be accepted by the Honourable the Mover of the amendment, Mr. Samarth, and, if he does accept it, the two amendments might be discussed and voted on together.

Mr. E. L. Price : Sir, I should like to support the appeal of Mr. Pickford and Mr. Ramji, both commercial men, to this House not to press this amendment. It is not quite the fact that it is purely a matter of procedure. If this Tariff Act is looked on as something that comes up for complete revision every year, the Finance Member will be assailed from all parts of the compass, and other Members of this House too, by all those interests which seek to shift their natural burdens off their own shoulders on to those of other people. This does not apply merely to the piece-goods trade, Sir. Probably, Mr. Ramji mentioned that trade because it is an interest of his. It applies equally to the importers of sundries, of wines and spirits, of silver and every other commodity. There will be a determined effort at lobbying for months in advance, because all will look at the Tariff as something open to them every year by the manipulation of which they might lift the load from their own shoulders and place it on other peoples'. So, I suggest, there is a certain amount of psychological importance attaching to this method of procedure, and that, though the Tariff Act *is* subject to revision every year by this House, to hold it out for twelve months as a sort of 'Aunt Sally' for everybody concerned to have knock at would be, I think, a tactical mistake, and I am assured also, that it would have a very disturbing effect on the ordinary course of trade. Therefore, I ask these legal gentlemen not to press a point like this for political purposes, however worthy, dead against the consensus of commercial opinion.

Sir P. S. Sivaswamy Aiyer : Sir, I wish to support in principle the amendment which has been moved by the Honourable Mr. Samarth, though I should personally prefer the form in which it has been announced by Mr. Venkatapatiraju, namely, that it 'shall remain in force till the end of March, 1922.'

If we say 'till the 31st March,' it may give rise to some doubt as to whether the 31st of March is included or not. The point taken seems to me to be a very much more substantial one than the one about which Honourable Members were very keen yesterday. I think it is a matter of great constitutional importance that a certain proportion of the

taxes and the revenue of the State should not take a permanent form but should be in this manipulable and annual form. It has the great advantage of compelling the Government to come to us year after year and seek our sanction to the continuance or alteration of the annual and revisable taxes as opposed to the permanent taxes. It is quite conceivable that the Government may plead that some inconvenience may possibly be caused if steps are not taken at once to continue the taxes at the expiry of a year. But I have no doubt that measures can be taken to avoid any inconvinent results either by legislation of the kind which has been enacted in the Provisional Collection of Taxes Act or in some other manner. I would, therefore, strongly support this motion.

Mr. T. V. Seshagiri Ayyar: Sir, I feel some little difficulty in voting with my friends, with whom I am generally in agreement, on this particular occasion. There is already an agitation in England set up by the Lancashire merchants and by the Manchester people against this customs duty, and if we make it clear that at the end of a year, the Finance Member will have to come here to review that taxation, it may be adding flame to the agitation which is already spreading in England and the position of the Finance Member here will become more difficult. And I also think that the voice of the commerce members who have spoken on this subject ought to have greater weight in determining a question of this kind than the voice of what Mr. Price called the legal men. Now, Sir, if it is possible for my Honourable friends to so word this amendment as to leave out the question of Customs Duties I would have no objection to vote for it. But, as their amendment is not worded in that way, I feel great difficulty in supporting the amendment in the form in which it has been moved.

Mr. B. Venkatapatiraju: Sir, I have given notice of a similar motion. We are thankful to the Honourable Mr. Hailey that he has no objection to exempt the Indian Post Office Act, the Indian Income-Tax Act, the Super-Tax Act, and the Freight (Railway and Inland Steam-Vessel) Tax Act. The only objection he has taken is with reference to the Indian Tariff Act. It is true, Sir, that the practice is both ways with reference to this measure. There are cases where these are annually voted, and there are cases also where permanent provision is made. We have also seen a notice given by Mr. Rangachariar that if we did not approve at the end of a year the tariff which we are now imposing by this Act, the old duties would remain. There is another amendment suggested, that is, he suggests that at the end of a year, we should revive the old tariff. The question is, whether we should make a permanent provision by imposing this high tariff which we are now asked to impose on the several goods which are imported into the country. It may be advantageous or it may be disadvantageous or disastrous. I respectfully urge that it is not at all wise to tie our hands and impose a burden on the country, because, after all, the person who actually pays is the consumer who will be liable to pay very heavy taxes. Perhaps, with facilities, we may rather increase or decrease the duties. The only objection taken by the Honourable Mr. Ramji and the other friends who spoke on behalf of business was, that there would be difficulty in trade, that goods would not be taken delivery of at the close of a year because of the uncertainty whether there would be a reduction or an increase in the duties, and that there would be difficulty also in entering into contracts as it will be necessary to take into consideration the rates that may have to be paid. Sir, it is perfectly well known that the tariff is liable to change, and that the increase or decrease will be taken as a separate addition to the price which will be contracted for by the parties. With reference to not taking delivery of goods, I am sure, Sir, that demurrage will have to be paid by the parties concerned if they refuse to take delivery. Besides, I do not see why we should tie our hands and not have the power of rectifying any mistakes we may have committed by this high imposition. Are we to say, Sir, that we are for ever going to be bound by this? The saving clause to this Bill says that it should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. In these circumstances, Sir, I would suggest, it is far better in the interests of this country as well as of the countries which are exporting merchandise to this country that we should take into consideration, year after year, what is necessary for our own purposes in the interests of our own country. I therefore strongly support the amendment moved by my Honourable friend, Mr. Samarth.

Mr. C. A. Innes: Sir, in reply to what Mr. Seshagiri Ayyar said, I wish to say that the Government are quite prepared to agree to an amendment which will be in the following form :

'That clause 1 be renumbered sub-clause (1) of clause 1, and that to the said clause, the following sub-clause be added, namely :

(2) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March 1922.'

The effect of this amendment will be that the Finance Bill, in so far as the Indian Post Office Act, the Indian Income-tax Act, the Super-tax Act and the Freight (Railway and Inland Steam-Vessel) Tax Act are concerned, will remain in force only for one year. But we do think it most important that this amendment should not be carried in respect of the Indian Tariff Act. In this matter I do appeal to the House to trust to commercial experience. The amendment of the tariff is a matter of vital importance to trade. I do not agree with what Dr. Gour said. I would like to point out that if this amendment were accepted, the effect of it would be that the Act would remain in force only till the 31st of March, 1922. That is to say, on the 31st of March, 1922, as far as our tariffs are concerned, we shall have an absolute

tabula rasa. As pointed out by Mr. Price, all the interests in the country who have anything to gain or anything to lose by an amendment of the Tariff Act will be up here lobbying in this House. The whole of the trade will be upset and disorganised. Everywhere business will become very difficult. Mr. Rangachariar said that if the Tariff Act were put in force only for one year, it would act as a check upon the growth of expenditure. What I say, Sir, is that if the Tariff Act is put in force only for one year, it will act as a check upon the growth of trade, and will do vital damage to the country. Moreover, we shall not get our money.

I think that is all I have to say, Sir, and I again appeal to the House to listen to those gentlemen in this House who are representatives of trade and commerce and accept their view that as far as the Tariff Act is concerned, it should not be enforced for one year only.

The Honourable the President: The Honourable Member, I understand, has moved an amendment, or is it only thrown out as a suggestion ?

The Honourable Mr. W. M. Hailey: I felt that we could only throw that out as a suggestion, in answer to the proposal put before us by Mr. Seshagiri Ayyar. If, however, I am in order in putting it forward as a definite amendment, I should like to do so; but I place myself entirely in your hands in that respect.

Dr. H. S. Gour: May I ask the Honourable the Finance Member a question ? Are the Government prepared to give an undertaking to this House that on the conclusion of one year they will submit the whole question of tariff for the consideration of this House ? If the Government are prepared to give an undertaking to that effect, the Honourable Members, I, at any rate—will reconsider my position as to whether I should persist in bringing my amendment.

The Honourable the President: There seems to be some confusion as to the bearing of the amendment moved by Mr. Samarth. Mr. Venkatapatiraju several times used the expression 'to tie our hands.' That is precisely what he proposes to do. The amendment makes it inevitable that the tariff should be brought up next year. If the amendment is not carried, it is left open whether it shall be done or not.

The Honourable Mr. W. M. Hailey: With regard to the question which has been put to me, I cannot undertake that we shall put the whole question of tariff before the House before the 1st March next year. As the House knows, we are about to assemble a highly important fiscal commission, which will deal with the whole question of India's fiscal relations. If they present us with an interim report in time for us to bring the question before the House next year we shall be able to do so. But I think the House will agree with me that it would be unwise for us to attempt to reopen the whole question with the House while that commission is still sitting, and until we had received the result of their labours. As soon as we have received their recommendations, I need not say, that the Government will take the earliest opportunity of bringing the whole matter before the Legislature.

The Honourable the President: Further amendment moved:

'That the following words be substituted for the amendment moved by Mr. Samarth :

'That clause 1 be re-numbered sub-clause (*1*) of clause 1, and that to the said clause the following sub-clause be added,' namely :

(2) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March 1922.'

Question put:

'That that amendment be substituted for the amendment of Mr. Samarth '.

Mr. N. M. Samarth: Sir, having regard to the expression of opinion of the Members of the commercial community here and the motion which has been introduced in favour of retaining the tariff undisturbed for more than one year or, to any rate, until the Tariff Commission brings out its report, I think it is under the circumstances advisable for this Assembly to accept the proposed amendment. At the same time, I will say this, that if the arguments advanced by some of those Members of the commercial community who spoke on the subject are sound, they would logically lead to the conclusion that there should be no disturbance of the tariff at any time and as such they do not, at any rate, convince me or convince those who think with me. But I accept the proposed amendment as the Honourable Mr. Hailey has given us an assurance that when the Tariff Commission meets and the whole question is gone into afresh and their recommendations are placed before the Government of India, the tariffs will be remodelled in accordance with the view that the Government of India and this Assembly and the Secretary of State may ultimately take. One more point, Sir. Reference was made to the Lancashire agitation. Well, I may be pardoned, I hope, for telling this Assembly that I put forward before the Crewe Committee in my memorandum and in my evidence the proposal that whenever the Government of India and its Legislature agreed there should be no interference by the Secretary of State, and, therefore, none by Parliament. That proposition was accepted and approved of by the Crewe Committee. I again urged it before the Joint Parliamentary Committee, and as everybody knows, that Committee also accepted the view that ordinarily whenever the Government of India and its Legislature agreed there should be no interference by the Secretary of State and, therefore, none by Parliament. I am not afraid, therefore, of this Lancashire agitation in the House of Commons or anywhere else, so long as you and I and all the rest of us, including the Government of India are of one mind and speak with one voice on the subject.

Mr. T. V. Seshagiri Ayyar: Supposing this amendment is accepted, and some time later section 3 in the Bill which refers to the Indian Post Office Act is altogether deleted, what is the effect of it? If we accept the amendment and say, that all these sections hall remain in force until the 31st March, 1922, and if what I have said happens in consequence of a discussion in the House, will that in any way affect the position?

The Honourable the President: I think means can be found for that. I hesitate in view of the circumstances at the moment, to make the suggestion, but there is 'another place' in which any necessary amendment can be inserted.

The motion:

'That that amendment* be substituted for the original amendment'

was adopted.

The motion:

'That that amendment* be made in clause 1'

was adopted.

The motion:

'That clause 1 as amended stands part of the Bill'

was adopted.

The Honourable the President: Clause (2).

The Honourable Mr. W. M. Hailey: Sir, I venture to put it to you that it would be more convenient if we considered the postal section of our proposals before the tariff section. In the course of the various debates that we have had hitherto, it is clear that many Members of this House have feelings which may eventuate in considerable financial changes in regard to postal charges, and we should be glad to have an opportunity of calculating the exact effect of such votes as the House may give on the subject before we proceed with the matter of tariffs. It is, therefore, purely as a matter of convenience that I will suggest to you that we should take clause (3) before we take clause (2) of the Bill.

The motion:

'That consideration of clause (2) be postponed'

was adopted.

The Honourable the President: Clause (3).

Rai Sahib Lakshmi Narayan Lal: Sir, the amendment which I have the honour to move, runs as follows:

'That clause (3) and Schedule III be omitted'.

The country is already overtaxed and the people are mostly not in a position to bear any further taxation; their pecuniary troubles which are too many to be told, need not be reiterated here. Suffice it to say, that most of them have not even the good-fortune of enjoying two full meals a day. In order to make both ends of our finance meet, we should not take any step against those who themselves do not know how to make both ends meet. The war which has caused this trouble in our finances has also added much to the already numerous existing troubles of the poor masses and classes of the country and has driven them into the most pitiable pecuniary position beyond all the power of description. The poor masses and classes are already sufficiently taxed and in any case if they are subjected to any further taxation by the Imperial Government for Imperial Revenue, they will be unable to bear any further taxation by the Local Governments and Local Bodies for adequate education, sanitation, medical relief, industrial and agricultural improvement, or any other moral and material development. To secure a steady and speedy success of the Reform Scheme, Imperial taxation should never be such as may directly or indirectly touch the pockets of those who cannot bear more than the local taxes. The success of the Reforms depends very much upon uplifting these poor masses and classes as much as possible and any taxation, which is likely to further deteriorate their present pitiable position, will not pay in the long run. It will be like a stimulant which may give some temporary relief, but which will surely and certainly so undermine the system as to admit of no further cure. It is difficult to carry on the administration, at the present level of efficiency, with our credit impaired. It is equally, if not more, difficult to maintain that efficiency if, instead of the moral and material development of the country, there is any further cause for deterioration, inasmuch as these masses and classes are the very sources of the constant and adequate supply of Civil and Military recruitments, so essential for efficient administration. The policy of meeting growing expenditure by ever-increasing taxation creates a permanent danger in respect of the very objects for which money is raised. If a cultivator takes as much milk from a cow, as he stands in need of, without leaving sufficient quantity for the support of the calves, he is sure to have in future weaker bullocks for his plough, and weaker milch cows and sooner or later, he finds out his mistake and realises that this policy does

* 'That clause 1 be re-numbered sub-clause (1) of clause 1, and that to the said clause the following sub-clause be added: (2) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March, 1922.'

not pay in the long run and ultimately frustrates the very object in view. The principle of meeting financial necessities by fresh taxation is a remedy which is worse than the disease and should be religiously avoided. I venture to suggest, that retrenchment and retrenchment alone is the surest remedy and I fully trust that the Imperial Government will be most graciously pleased to introduce the policy of retrenchment by Indianising the Civil and Military administration as soon and as much as possible.

Even maintaining the present strength of the combatant ranks of the army, if only 40,000 Indian soldiers be substituted for British combatants, we save about 6½ crores.

The Honourable the President: Order, order. This is not relevant to the motion before the House.

Rai Sahib Lakshmi Narayan Lal: I was going to suggest how we could save in order that we may not be under the necessity . . . .

The Honourable the President: The Honourable Member must assume the necessity for saving without going into detail.

Rai Sahib Lakshmi Narayan Lal: My ray of hope is already shining in a corner of the Budget. It is to be found in the significant sentences to the effect that His Majesty's Government would not be prepared, *without the most careful examination* to agree to reduction under the present political situation in and outside the country and that the British troops were in a semi-contractual relation. Having regard to the terms offered to the Turks . .

The Honourable the President: The Honourable Member must confine himself strictly to his motion that clause (3) and Schedule III be omitted. Clause (3) does not deal with the Army or with the Turks.

Rai Sahib Lakshmi Narayan Lal: The Post Office tax, as well as the railway freight tax, will directly affect the poor masses and classes who shall also be indirectly affected by the other proposed taxes which will not only further deteriorate their financial condition but will prove a great obstacle to the healthy growth of their decaying industry. The Honourable the Finance Member himself admits that the justification, on business grounds, for raising the postal rates, does not hold good. With due deference, I regret, I cannot agree with him in his statement that the postal rates as cheap as they are at present are a luxury, which appears to have been made without taking into due consideration the economic condition of the different countries compared. There is no good in seeking, by means of such taxation, to show a substantial surplus or to embark on costly new schemes which can be safely postponed for the present, or at least for which money can be raised by loans. Taking all these facts and circumstances into consideration and the reduction recommended as well as the assurance given regarding the lump provisions for revision, which can, at least be partly put off there is hardly any necessity for such taxation.

The Honourable Mr. W. M. Hailey: I do not wish to meet Rai Sahib Lakshmi Narayan Lal's arguments in detail because I desire to keep within the terms of the matter which is immediately before the House; and I shall make no attempt whatever to follow him in his wanderings outside the Eastern hemisphere. But, Sir, I think it is necessary that I should point out to the House the exact purport of his amendment, which has a parallel in the subsequent amendments of Mr. Reddiyar and Mr. Raju. The acceptance of his proposition would mean that we should be unable to obtain any increase at all of our postal rates in any department of the work of the post office. I quite see that the House may, when it comes to discuss the postal Schedule, wish to make modifications, perhaps considerable modifications, in the scheme which we have put before it. But my immediate point is, that if this amendment is accepted, the House will then be unable to take up any of the detailed matters referred to in the Schedule, and will be unable to raise by a single anna the sum which is already taken in respect of the post office. Now, Sir, as these proposals of ours have been so much criticised, I think it is only right that I should place the House in possession of the reasons which were in our minds when we put them forward, and which moved us to what many Honourable Members have described as a deliberate attempt to place fresh burdens on the poorest of the population.

I think I can prove that we were right in thinking that our proposals were not of that heartless nature; that they were far less harmful indeed than any taxation such as would be involved in an increase, shall we say, of the Salt Tax.

Now, I take it as a first and primary axiom that the Post Office ought to pay its own way. There is no reason why we should run this important Government Department at a dead loss to the community. Admitting that it is of the greatest value to the community that it should have cheap means of communication, there is, I conceive, no reason at all why we should pay out of our own pockets for those who use the Post Office. What are the facts? I leave out of consideration for the minute what we make from our Telegraphs, because our postal service, although united for administrative reasons to our telegraph service, is in effect a separate service. In 1917-18, we made 46 lakhs; in 1918-19, 38 lakhs; in 1919-20, which was a year of trade boom, we made 75 lakhs. Well, we could hardly expect, even if we were paying our postal staff the same as last year, to make 75 lakhs again. Suppose

that we were to raise slightly the average expectation of returns, allowing for the progressive development of the use of postal facilities, and estimate for a return of 50 or 60 lakhs. What do we now pay to our postal staff in increased wages? I think it is 113 lakhs. And what is the result going to be? The result is going to be that we are going to work this year at a certain loss of 53 or 63 lakhs, more or less.

Now, Sir, my first proposition was that we should lose nothing over the Post Office. I will be bold enough to go further, and to suggest that it is very reasonable that we should make something out of the Post Office. There is nothing novel, abnormal or irregular in so doing. We have made a revenue out of the Post Office in the past; nearly every country has admitted the reasonableness of so doing. Look what England expects to make this year, namely, £3,500,000. Or again, take Canada, a democratic enough country. Canada is going to make 2,300,000 dollars. Or again, take Australia, £387,000. Or turn again to the East. Japan expects to make no less than 73½ million francs. So that it would not be unreasonable if I were to put it to the House, that we are not without precedent in the most advanced countries, in demanding that we should make a moderate revenue from our Post Office. And I claim that we can make that revenue fairly, because the burden we propose to place upon people in so doing is not a heavy one. It is in the first place distributed over the whole population. Take the population of India as roughly 300 millions. Take the number of post cards. How many were they? 600 millions, that is to say, each person in India—I am not going to pretend that each man, woman and child actually does so, for the moment I am only making an arithmetical calculation— sends two post cards a year. Then again the number of letters written is 500 millions; that is to say, each person sends rather less than two letters in the year. If we double the cost of post cards, it would, on the figures I have given, cost the population exactly one half anna per head per annum. My friends in the Postal Department have supplied me with some rather interesting calculations on the subject which I will venture to put before the House. It is said, that post cards are sent only by poor persons; put that at one tenth of the population or 30 millions. Then the incidence is 20 post cards per head per annum, the extra cost is 5 annas or less than a halfpenny a month. Increase your figures as to the proportion of the poorest element of the people; assume that post cards are sent by 15 millions. Then the incidence is 10 annas per head or less than one anna a month. Go further, and assume that post cards are sent by 7½ millions only. Then the incidence is less than two annas per head a month. Now, is that a heavy increase to the burdens of the people? In every sphere of life people are paying more for the goods or services they receive. In every commercial concern, the cost of working has increased, the prices demanded in return have been enhanced. Is it unreasonable, therefore, that we should have attempted to get this small extra return—I have shown arithmetically how small it is—From the general population of India for the services rendered? Let me note further, that in so doing, our proposal follows the example of other countries. My Honourable friends here will never allow me to quote either the rate of taxation or other figures relating to the United Kingdom, because the United Kingdom is a rich country and they will never admit the force of a parallel; so I will pass the United Kingdom by. But, under modern conditions, France is not a very rich country and Italy is certainly not a rich country. I doubt if anybody who knows Italy would deny, that at present large portions of its population are undoubtedly poor. Well, Sir, what has France done? Its ten centime unit has gone up to 25, its 15 centime unit has gone up to 40, its post cards, which were 10 centimes, have gone up to 25, two and a half times as much as before. Then Italy. The lowest unit before was 15 centesimi, it is now 25; its post cards were 10 centesimi, they are now 15. Or take again, Belgium. Its lowest unit was 10 centimes, it is now 20; its post cards were 5 centimes, a low rate; they are now 15 centimes.

Now, Sir, we have very much greater distances in India than in any of these countries, and the services we render in return for the very slight rate which we have hitherto taken and the still very slight rate which we propose to take, are immeasurably greater. Let me come to the East and point out what is being done in Ceylon, not a richer country than India. In Ceylon, the new rate for letters is 6 cents. or one anna, and its post cards are half an anna. In Kenia Colony, the rate is one penny for letters and half a penny for post cards. And, of course, I need not say that in Ceylon and Kenia the postage is practically little more than a local postage. You do not send for a halfpenny there, as we are sending for a pice here, a post card from Cape Comorin to Peshawar; you send it within an area which is about the size of a large British Indian division.

Well, Sir, those are the reasons which weighed with us, when we considered this case, to risk some slight unpopularity, and to place a proposal for an increase in our postal rates before this House. I have given you those reasons; let me briefly summarise them. They are that the Post Office should not be run at a loss, and that it is a legitimate source even of revenue; that the increase proposed would be spread practically over the whole population, and that other countries have been obliged to take the step which we ourselves are now proposing to take. Those arguments, Sir, may not apply to every detail in the Schedule, but I am not arguing the Schedule; I am only giving to the House a reason why we put forward general proposals for an increase in postal rates. But the reasons which I have given stand, I think, very strongly indeed as an argument against this amendment, an amendment which, as I have said, would prevent us from taking any increase whatever in any article of the Schedule over the present postal rates.

Mr. T. V. Seshagiri Ayyar: Sir, I respectfully join issue with the Honourable the Finance Member upon the point that the Post Office should pay its way. Sir, this is one of those matters in which no Government of a civilised country should expect that the collections made in the Department should be sufficient for the establishment. Like Education and like Sanitation, this is a matter which the Government should primarily undertake for the benefit of the people without looking to the return which the undertaking may bring. This is one of those public utility duties which in every civilised country the Government is bound to undertake.

Do you expect in the case of military defence that there will be a complete return to you ? Do you expect in the case of the Police that there will be a full return for it? There are certain matters, such as the protection of the people and the advancement and civilization of the people, which the Government is bound to undertake without looking for any return which their undertakings may bring. Therefore, I join issue with the Honourable the Finance Member in his opening statement that if the Post Office does not pay its way, it should be made to pay its way by increasing the duty. At the same time, if I may say so, I am in sympathy with the Honourable Member in not accepting the whole of the Resolution which has been put forward. I have myself given notice of an amendment which I am afraid this is not the proper time to discuss, namely, that post cards and letters be left alone. I am afraid the issue is being obscured by bringing in such a large question as the administration of the Post Office. I do not know what procedure you would suggest to the House, Sir—whether we should move other motions on the same subject of which we have given notice as amendments to this proposition, which is now before the House, or whether the other motions should await discussion until this motion is disposed of. As has been pointed out by the Honourable the Finance Member there are some matters which stand on a different footing from the imposition of additional taxation upon post cards and letters. Therefore, unless we know, Sir, where we stand, it will be very difficult for us to really discuss this question in a proper manner. May I ask your ruling, Sir, as to whether you would allow, for example, my motion regarding post cards and letters to be moved as an amendment to the motion already made by the Honourable Mover, or whether it should be discussed apart from the general question as to whether there should be no additional taxation at all with respect to postal carryings.

The Honourable the President: I think the Assembly had better dispose of the amendment now before them and then proceed to discuss in detail each specific amendment in the postal rates.

Mr. N. M. Samarth: Well, Sir, the issue before the House is whether the whole clause be omitted altogether, and those who think that there are certain increases in the schedule which might stand and should not be disturbed will vote against this motion.

I too join issue with the Honourable the Finance Member as to the *raison d'etre* of the Post Office and the way in which it should be financed. It is not a commercial undertaking and it is a wrong canon to lay down that the Post Office must be made to pay its way. I thought it was only one of those arguments which the Honourable the Finance Member dexterously advances at times to carry conviction to the House, oftentimes without seriously meaning that we should accept the full import of his dictum. But if he is really serious in thinking and in placing before us the view that the Post Office must be made to pay its way, then I, along with my friend, Mr. Seshagiri Ayyar, must seriously join issue with him.

Mr. B. Venkatapatiraju: Sir, when this question was presented to this House by the Honourable Mr. Hailey, he admitted that he was very sorry for introducing the increase in the postal rate, but I think, seeing that there are so many amendments, the Honourable Mr. Hailey is more and more convinced that it is necessary and useful for the purposes of the State to increase this rate. May I respectfully submit, Sir, that though I do not place the postal rates on the footing that my friend, Mr. Seshagiri Ayyar, put it just now, that is to say, on the same footing as Defence, Police or Sanitation, because I admit, it is a commercial undertaking; yet this is a commercial undertaking which every civilised Government undertakes, not for the convenience of the State but on account of the interests of the subjects over whom it rules. And in almost all countries it is the monopoly of Government. The State won't allow any private body to enforce postal rates or to carry on postal business. It is a monopoly of the State, and the only thing which must guide the State in all these matters is not the convenience of the administration but the benefit to the people. Is it not taxing knowledge indirectly by increasing the postal rates ? I should like to mention that this very Government when they increased the telegraph rates—and this Postal item includes telegrams also - they stated that as soon as the stress of traffic due to the War was reduced they were going to reduce the telegram rates, from 12 annas, to which it had been increased from 8 annas, and even 4 annas formerly. But now when I put a question to the Government, they say, that question will be discussed at the time of the Budget. And now I see the result. They have not at all reduced the increased rates for telegrams, but on the other hand I find they have increased the postal rates. Do we not find from the figures given by Government that both in the matter of parcels as well as the circulation of newspapers, there has been a reduction? What is that due to? It may be due to other causes, but is this the time to curtail the circulation of newspapers by increasing

the postage? As you are aware, Sir, most newspapers are unable to circulate because they have not got sufficient subscribers, a sufficiently large reading public, on account either of poverty or on account of the illiteracy which is prevalent in the country. The Honourable the Finance Member quoted certain figures to show that our rates are cheaper in some cases than those of other countries. But is the Honourable Member aware that in the matter of money orders we are paying him double and treble the amount which the richest country, England, imposes with regard to money order commissions? We know that the penny postage is universal in those countries. But with regard to England, the Honourable Mr. Hailey admitted, that no comparison could be made between that country and India, which is a phenomenally poor country. Would the Government of India impose one tenth of the taxes which England imposes on her people, namely, £21 per head of the population? Therefore comparisons may be odious. When we have a rich country which increases revenue from 200 millions to 1,400 millions in one year, it is useless to compare India with such countries. France, Sir, fought for its very existence. It exhausted all its resources and it must scrape every pie now. We are not embroiled in any War. We were only passing participators in the War, and under these circumstances why should we introduce these increased postal rates?

I do admit, Sir, that this should not be run as a charitable institution. I do not advocate that it should be run like that. But the surest way of meeting the cost of the service is to reduce expenditure. I need not go into details. You can reduce the expenditure even as it is. I respectfully urge on the Assembly that this is not a source from which revenue should be raised, because it is a thing which comes to taxing the country on knowledge. The Honourable Mr. Hailey says, 'After all, what does it matter? It would only tax the poor man an anna or two annas.' But Sir, even an anna or two annas for a poor man in this country is too high a figure. Can we not find other means of raising revenue? Do you want to make a profit out of this transaction? Therefore, Sir, whatever may be your other considerations, there are other means of raising revenue to carry on the administration, and I appeal to every one in this Assembly to see that this is the last resource to which we resort; unless we are in a desperate condition we ought not to go to postal rates, to make it a profitable concern from which we can draw for general purposes. As it is we are making some profit out of it. The Honourable Mr. Hailey is suggesting that it is worked at a loss. I am surprised to hear that; and I think it shows want of supervision on the part of Government, that a department which was yielding profit all these years should, according to Mr. Hailey, be run now at a loss. I submit, it is time for the Government to look into the matter and gain revenue by stricter supervision of the expenditure and not by imposing taxes upon the people. Therefore, I earnestly appeal to every Member to try to consider the poor man's condition, because rich people may not care whether these rates be reduced or raised. Now if the Government says that these rates must necessarily be increased, there will be no difficulty to raising them even to two annas and the people will have to bow to it though unwillingly; but, in that case, the absolute necessity for it must be shown and it must also be shown that it can not be raised in any other way.

Probably if the rates are increased, the number of letters may decrease. As it is, the Government themselves say, that the post office is growing in popularity from day to day and that more letters are being circulated. I would, therefore, once more urge that this is not a tax on which we should have to depend for the carrying on the work of the postal department.

Babu J. N. Mukherjea: Sir, I wish to say a word or two as regards the position which has been taken up by the Honourable Finance Member on the policy which should regulate the organization of post offices and the telegraph department. It has been said that this department of Government brings revenue in other countries to the State. Whatever the conditions in other countries may be, I venture to draw the attention of this Assembly to the fact that post offices and telegraphs in this country were organized, generally speaking, with a view to enable the Government to carry on its administration with efficiency. All the other departments of Government owe something to this postal department, and it is mainly with a view to the convenience of the administrative authorities that, to some extent at any rate, the post offices and telegraphs exist. The general administration, the police, the excise and all the other departments of Government, I repeat, owe something to this department. Therefore, Sir, it is but natural to expect that some regard should be paid to this fact and that the general administration of the country should be prepared to make some concession to this department, and it should not be treated entirely from a commercial point of view. India is a vast country and in many places the postal and telegraph arrangements have not been organized solely with a view to assisting the people to carry on their communications. Further in the villages and in the outlying stations, the service is of a very imperfect description. If due regard be not paid to these facts, my submission is, that the question will not be treated with the amount of justice that is its due. Sir, it will not be the correct attitude for Government to adopt if the question be looked at merely from a commercial point of view.

Mr. Harchandrai Vishindas: Sir, I entirely agree with the views that have been expressed by Mr. Seshagiri Ayyar. Speaker after speaker has answered the Honourable Mr. Hailey in regard to the proposition he laid down that the postal department ought to be self-supporting; but I think we may better leave that alone. That is purely an academical question. Some may hold one view and some another view. But the point for consideration at present is, is it right and proper on our part to give up such a large amount of

revenue? The only question on the other side that can deserve consideration would be whether by this taxation we are really taxing the poor. I do say that by increasing the rate on letters from half-an-anna to an anna, and the rate on postcards from quarter of an anna to half-an-anna the poor may be affected; but I do emphatically deny that the other rates proposed affect the poor at all, and therefore although I am in sympathy with the amendment tabled to-day for the purpose of maintaining the existing rates on postcards and letters, other rates in my opinion are simply taxes upon luxuries and should be levied in the interests of our own finance. Sir, we should bear in mind that we have a certain duty imposed upon us by virtue of the office we hold and that duty is to carry on the administration of the country. We have been all these years demanding self-government with a view that we may ourselves carry on the administration of the country. That being so, we must always have a sense of responsibility. We must consider it to be our duty that we should provide funds for carrying on the government. Now, if we in this careless fashion give up sources of revenue which are quite legitimate and which in my opinion are more in the nature of taxes on luxuries, if you leave out of consideration the tax on postcards and letters, I say if we do that, we shall be failing in our duty. We find from the introductory speech of Mr. Hailey that this is expected to bring us Rs. 2¼ crores. That being so, if we give up the whole of this Rs. 2¼ crores, it will make a very big hole in our pockets. Therefore, Sir, I appeal to the sense of responsibility of the Members of this Assembly, which I am quite sure they do possess, not to take off the whole of this Schedule.

Rao Bahadur T. Rangachariar: Sir, I move that the question be now put.

The Honourable the President: I wish to make an appeal to this Assembly. Members will remember that I made an agreement, with the approval of the Assembly, with their Moslem Colleagues yesterday, that in view of the fact that to-day is Friday and a sitting of the Assembly was unexpectedly put down for this day, we should adjourn at this moment for an hour and a half in order to meet their requirements. I hope this Assembly will come to a decision now on the question before them. I would remind them that there is not a word that can be said on this amendment which cannot—I was going to say, be repeated, but I shall not allow it to be repeated (laughter)—which cannot also be said on the amendments to the Schedule. The amendments to the Schedule raise substantial points, and I hope therefore that we may adjourn now after having disposed of the amendments before us. The amendments before us are items 15, 16, 17 and 18. The question I have to put is,

that clause (3) and Schedule III be omitted.

The motion was negatived.

The Assembly then adjourned till Two of the Clock.

The Assembly re-assembled at Two of the Clock. The Honourable the President was in the Chair.

The Honourable the President: Honourable Members will observe that there are a number of amendments which raise substantially the same points. There is only one amendment which raises them all under the same heading, namely, Amendment No. 120, on page 13 in the name of Mr. Jatkar. I propose to call that amendment and deal with it by sections I therefore call upon Mr. Jatkar.

The Honourable Mr. W. M. Hailey: I feel, Sir, that it would be a great convenience to the House if we were, as you have laid down yourself, to deal with this subject by sections; but I venture to suggest, that we take it in the order of post cards first, letters next and registered newspapers third. It will affect what we shall ourselves have to say if the House decides one way or the other on the subject of post cards. It is perhaps also logical to begin with the cheapest item first and one which affects the largest number of poor people.

LETTERS, POST CARDS AND REGISTERED NEWSPAPERS.

Mr. B. H. R. Jatkar: Sir, I beg to move:

'That for the entries under heads 'Letters', 'Post Cards' and 'Registered Newspapers,' the following be substituted:

'Letters.

For a weight not exceeding half a tola	half an anna.
For a weight exceeding half a tola and not exceeding one tola	one anna.
For every tola or fraction thereof exceeding one tola	one anna.

Post Cards.

Single	quarter of an anna.
Reply	half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	quarter of an anna.
For a weight exceeding eight tolas and not exceeding fifteen tolas	half an anna.
For every fifteen tolas or a fraction thereof exceeding fifteen tolas	half an anna.

From the amendments that have been put down by other Honourable friends.....

Rao Bahadur T. Rangachariar: The Honourable Member evidently has not heard the ruling from the Chair as regards postcards being taken first.

The Honourable the President: The Honourable Member is moving the amendment as on the paper. What I propose to do is to put the amendment in sections. I shall put the whole amendment first of all from the Chair. Then, as we have the discussion first of all on post cards, I shall put that question from the Chair, and then proceed as suggested by the Honourable the Finance Member.

Mr. B. H. R. Jatkar: From the various amendments that are put on the agenda paper it will be seen that the majority of the House is with me in respect to postcards. In the proposed Bill it is sought to raise post cards from ¼ anna for a single post card and ½ anna for reply, to ½ anna and 1 anna, respectively. It is not necessary to state that this increase in postcard rates will affect the poor community only. It is common knowledge with us that postcards are the only means of communication in villages and mufassil towns. If we raise the postage rates for post cards, it will affect only the poor people, and it should be the aim of every taxation that the poor people should not be affected by it. It is no use stating that the poor people of India are already hard hit by the increased rates and prices of foodstuffs and other things, and we should not add one more item to make them more miserable.

With regard to the letters, also, I have proposed this amendment on the same basis. I have only sought to keep a letter weighing ½ tola at its present rate, and to tax a letter exceeding that weight but not exceeding 1 tola at 1 anna. My idea is to allow the poor people of this country to retain their means of communication by letters. The subsequent changes, if made, will not affect the poor people, and business people, using thick paper can well afford to pay the new rates. With regard to the registered newspapers, I would make a special case. The present rates for registered newspapers are—for a newspaper not exceeding 8 tolas in weight—¼ anna, not exceeding 40 tolas it is ½ anna, and for every additional 40 tolas or part thereof it is an extra ½ anna. We all know that the Press Act has already knocked down many of the vernacular newspapers in the country and they have also suffered in other ways, and by increasing the rates of postage as is proposed, I am afraid that it will have a very detrimental effect on them and may ruin some of them. Since the Press Act, many vernacular newspapers have disappeared and I think that they should be protected as much as possible by not increasing the postage. I do not think the effect upon the larger newspapers will be so great as upon the vernacular newspapers, and I expect that the increase will bring in more income to the Government. I think the Honourable the Finance Member said that the imposition of these taxes will bring in about 2 crores of rupees in revenue to the State.

As regards the postcards, on turning to the figures given in the annual report, it will be found that about 60 crores of postcards were used in 1920 and roughly speaking by doubling the rates will increase the revenue by about a crore.

I cannot say how much income is derived either from letters or registered newspapers, and I cannot say how far the amendment will affect the revenue, but the Honourable the Finance Member will probably be able to give us the figures as to how far my amendment will affect the revenue of the country. Then in regard to the demand for Posts and Telegraphs, we have been able to save a crore of rupees by the amendment of our Honourable friend, Mr. Samarth, and by my amendment regarding postcards, there would be additional deficit. Now, I will give you the figures as to the number of registered newspapers posted in the year 1919. The figures are 6,19,18,287.

With the motive of not defeating the object of the Finance Bill, I have proposed two other additions to this schedule, which I will move when the time for it comes. But under that head I believe that over 20 lakhs of rupees will be got from those two additions in the schedule.

The Honourable House will see that my special point is about the newspapers. If the proposals in the Bill are accepted, it will affect the vernacular newspapers, because they are generally above 5 tolas and below 8 tolas. So we must make a special case of these newspapers which give information on all matters of public interest to the remotest village—you must take special care to see that these registered newspapers are not taxed. With these words, I move the amendment that stands in my name.

The Honourable the President: The question is :

'That in Schedule III for the entries under heads 'Letters,' 'Postcards' and 'Registered Newspapers' the following be substituted:

Letters:

For a weight not exceeding half a tola	half an anna.
For a weight exceeding half a tola and not exceeding one tola	one anna.
For every tola or fraction thereof exceeding one tola	one anna

Postcards:

Single	quarter of an anna.
Reply	half an anna.

Registered Newspapers:

For a weight not exceeding eight tolas	quarter of an anna.
For a weight exceeding eight tolas and not exceeding fifteen tolas .	half an anna.
For every fifteen tolas or a fraction thereof exceeding fifteen tolas .	half an anna.

The question I have to put is:

'That the entries under the head 'postcards' be substituted for that in the Schedule.'

In putting that, I may suggest to Honourable Members, that as we have a somewhat long programme of business before us, it might perhaps be advisable to have a short adjournment somewhere about 4 O'clock. If that meets the convenience of Honourable Members, I shall propose an adjournment at or about 4 O'clock, according as the state of business permits.

Lala Girdharilal Agarwala: Sir, the Honourable the Finance Member has proposed an increase in the rates for letters, postcards, and registered newspapers, to which my Honourable friend, Mr. Jatkar, has proposed an amendment which he has already laid before this Honourable House. Now, I have also given notice of an amendment, which is as follows:

'Letters . . .'

The Honourable the President: Order, order. I have put the question relating to postcards. The present debate will be restricted for the moment to postcards.

Lala Girdharilal Agarwala: With regard to the rates proposed for postcards, I submit that it will affect the poorer class of people who generally send their communications on postcards. I would be willing even if the size of the postcard is reduced to what it was before, or even if the size of the postcard is cut to half. But the price of the postcard, the postage, should not be doubled. Now, even if the size is reduced by a little or even cut to half, it would not affect them much, because poor people would even in that case be able to send their communications—of course leaving out the *Sarnama* or *Alqab wa adab* which takes up a lot of space. They will be able to write their messages on that postcard. If the weight of the postcard, or if the size of the postcard, is not the principal consideration in the estimation of the Honourable the Finance Member, then I submit that this Honourable House would agree that the size of the postcard may be retained and the value of the postcard may also be retained as quarter anna and not ½ anna. If this is increased, then there would be a good deal of unrest in the country and we would have many more discontented people than we have got at present. Taking the question of economy and also taking the question of the unrest in the country, I submit, it is necessary that we should not increase the price of the postcard as suggested. One thing more I may be allowed to submit. The Government will not have doubled the revenue as calculated by doubling the price of the postcard. At present those people who write on an average four postcards in the month will, if the price is doubled, probably write only two. So that the Government will have no advantage. On this ground, I submit, that the price of postcards should not be increased.

Mr. J. P. Cotelingam: Sir, I propose that the question be now put. No further speeches are wanted, as a large majority of the House is agreed on keeping the rates unaltered.

Several Honourable Members: Yes! Yes! Agreed! Agreed.

The Honourable the President: Order, order. Even when a great body of the House may think in one way, it is a well-established Parliamentary practice that the minority have freedom of speech. Therefore, I think it is somewhat of an abuse of the Honourable Member's privilege that he should move a motion for closure at this moment.

Sir Logie Watson: Sir, the poor are always with us, and especially in this Chamber, it appears to me. In referring to the poor, I believe that Honourable Members are guided more by their hearts than their heads. I do not think that the proposed income from postcard is to prove such a terrific hardship as some Honourable Members would like to lead us to believe. I took up my pencil as the Honourable Member sat down and made a few thumbnail calculations. He referred to a scribe who might write four postcards a month. Now I selected the very poorest class—a man drawing Rs. 12 a month—and I assumed he had gone to the expenditure of actually writing four postcards a month, and I found that if he did so, the increase would represent 192nd part of his total income. Now we all know that during the past few months, wages in India have been raised by at least 33 per cent., so that the expense of sending four postcards a month would represent a 64th part of his increased income. If he only writes two postcards a month, the expenditure would represent on his total income a 384th part; or on his increase a 128th part, and if he only wrote one postcard—which I think is enough for any one to write unless he is engaged in business—it would represent a 768th part of his income, or 256th part of his increased income.

Now, I do not think any Honourable Member in this Assembly is going to tell me that this is imposing a hardship on the poor people in this country.

Mr. N. M. Joshi: Sir, I am in favour of the proposal of my Honourable friend, Mr. Jatkar. I do not support it on the ground that it will fall heavily upon the poor, because, as Sir Logie Watson has said, the tax will not come to very much. But I put it on the ground that even the Honourable the Finance Member has admitted that the post gives great facility for progress and civilisation. I put it on that ground. We want cheaper postage because India has yet to make great headway in progress. We are far behind. We want propaganda, we want education, and as a means of education we want a cheap postal system. I therefore support the proposal that the postcard rate should not be increased and I put it on the ground that a cheap postcard is necessary for progress and civilisation.

Dr. H. S. Gour: Sir, one aspect of the question connected with the postage on postcards should not be lost sight of. It is this. If this House decides to retain the present postage on postcards, it would be impossible for this House to decide that the postage on letters should be increased. The reason is obvious. If you are to increase the postage on letters to one anna and the postage on postcards remains as now at one pice, the revenue from letters will diminish and that on postcards will increase, and the net result therefrom to the Post Office, on the cumulative effect of the revision of the postage on letters and postcards would be incalculably small. I am not quite sure whether the Post Office will not in the end be a loser. I therefore submit that this House must keep in view, in voting on the question of the postage on postcards, the other question as to whether they are going to vote for an increase in the letter postage. If they do not vote for an increase in the letter postage, then of course the present ratio between the postage on the postcard and the letter will continue. But then, if they wish to raise the postage on letters, the result which I have foreshadowed is likely to follow.

Now, Sir, as regards the poor man's plea, that he cannot afford the postage, Honourable Members of this House have pointed out that it is a plea which is entitled to the consideration of this House. Sir Logie Watson has brought his irrefutable logic to the decision of the question. But he is perfectly aware that human affairs are not very often controlled by logic or reason.. As often as not, they are controlled by sentiment. Let me picture to you, Sir, the position of a poor man, or a clerk who draws not only Rs. 12 a month but even Rs. 30 or Rs. 40. When he has to communicate with his friends, for a generation past he has been in the habit of either purchasing a postcard for a pice or affixing thereon a one pice label. As soon as this Budget becomes law, and the Finance Bill changes the Post Office tariff, as often as he affixes his stamp he will say very hard things of the Government. He will say :

' This is a Government which, when yesterday I was paying one pice, to-day makes me pay two pice for the same postcard, of the same size and of the same quality. I will have nothing to do with this Government.'

And remember, each postcard that is sent throught the Post Office will become the emissary of discontent and restlessness of which we have sufficient already in this country. We who are interested in coping with the disorders in the country, ask the Honourable Members seriously to consider the situation that will arise from the raising of the rate in the postage on postcards. It will be a perpetual reminder to the sender of a postcard of the evil effects of this Finance Bill. It is not merely a tax which he has to pay once or twice a year which he pays and very often forgets. But it is a fact which he will remember by day and by night, as often as he has to send a postcard or a letter. And that, I submit, is a question which cannot be lost sight of. It cannot be answered by logic. You have to see what would be the resultant gain to the Finance Department and what would be the resultant loss to the country at large. I therefore appeal to the Honourable Member (on behalf of Government) not to press the point as regards an increase in the rate on postcards. I am not impressed by the arguments advanced by my friend, Mr. Girdharilal Agarwala, that you can reduce the size of the postcard to half or one-third. My friend surely could not have put it forward very seriously, because the cost of transmission of a postcard, whether it is of the present size or half its size or one-fourth its size would be almost, if not exactly, the same. The same Post Office officials will stamp it; the same Post Office peon will deliver it; the same train will carry it; and as regards the difference in weight, that need not enter into our calculations. I therefore submit that the reduction of the size is no solution of the question. The only solution that occurs to me in this connection is to let alone the postage on the postcard. I do not know as to what extent the Finance Department will lose under this head. I am not quite at one with my Honourable friend, Mr. Seshagiri Ayyar, when he says that the Post Office must be run as a public benevolence. My own view of the matter is that the Post Office must be run no doubt for the benefit of the public but a serious attempt must be made that the Post Office pays its way. The Honourable Mr. Majumdar, who spoke on the subject, complained, and complained truly, of the backward state of the Post Office in the rural areas. For days, and sometimes for weeks, letters are not delivered. How can you expect any improvement in a Department which is a losing Department? I therefore submit, that so far as the Post Office management is concerned, it must be conducted on business lines, and I should be the last person to make it run as a charitable institution or as an institution intended for the benefit of the public at large. I see no reason whatever why, if I have to send my letter by post for my own convenience or the convenience of the addressee somebody else, some other Honourable Member, should contribute his quota to the cost of the carriage of that letter. It is my work and I must pay for it. At the same time, the fact remains that the Government must not drive a hard bargain with me. I am prefectly certain, and it is an

obvious fact which the Honourable the Finance Member has explained to the House, that the Post Office does not make any very large income from its working. The object of obtaining an increase of Rs. 2¼ crores is to equalise and balance the accounts. If that be the object, I am perfectly certain, that this Honourable House will entirely agree with the Honourable the Finance Member's policy of revising the postal rates, and on that point I do not think there can be any difference of opinion. But there remains the question, that while we agree that there should be a revision of the rates, we also must consider as to which is the line of least resistance. We must remember that we must not stir up the dying embers of discontent in this country, and if we find that the value of the rise of the postage from one pice to two pice will be wholly incommensurate with the amount of discontent which will be caused in the country, I would pause before committing ourselves to this measure.

The Honourable Mr. W. M. Hailey : Sir, may I welcome the speech we have just heard from Dr. Gour ? It contains so sound a statement of the policy, which we ourselves commended to this House, in regard to the Post Office, so thorough a condemnation of the opposite theory that we should maintain the Post Office as we are maintaining the Police or any other utility service on a non-commercial basis, that I feel sure I carry with me a large number of the House in welcoming it throughout. I am consequently now going to assume that the House agrees with me, and not with some of those Honourable Members who spoke this morning, in holding that the Post Office must not be a losing business.

I explained this morning, and I must be allowed to reiterate the fact, that if we do not increase our rates, we shall lose 40 to 50 lakhs this year. It is all very well to say with (I think) Mr. Raju, 'You have been running the department on such bad lines in the past that it is now involving you in loss.' My reply to that is, that the Imperial Legislative Council last winter demanded that we should appoint a committee to revise the pay of our staff ; we did so, we honoured the bill, and the result is that a loss is inevitable, we are now doing our best to repair the loss.

Now with regard to the proposals for carrying out the policy so admirably enunciated by Dr. Gour just now. My net proposals are set to gain 2½ crores, and of that, postcards are responsible (allowing for some falling-off on account of the increased rates which I propose to put on them), for 75 lakhs. Without that falling-off in numbers on account of the increased rates, our new rates would have brought us in 94 lakhs, but I have taken the figure for Budget purposes at 75 lakhs.

It is quite impossible for me to be blind to the fact that there is a very large number of Members in this House who are opposed to the raising of the rate of the postcard; and I believe that they do so with mixed feelings. I do not believe myself that there is a very strong feeling that it would be a real injury to the poor; but I think there is a genuine feeling that this House would hesitate to commit itself to a measure which would, as Dr. Gour said, remind the very numerous users of the postcard every time in the most patent way, that the rate has gone up by a vote of this House. We do not want to lose money, and I do not think the House wants to lose money. I would, in consequence, be prepared to agree that we should abandon our proposals with regard to the postcard, but I do so in the firm hope that the House will not let us lose on letters. I am trespassing a little here on the next motion but my excuse is, that the question of postcards is to some extent mixed up with that of letters, and it is clear that we shall, if we raise our rates on letters at all, lose a good deal because the postcard will be more largely resorted to. I hope, therefore, that the House will accept this proposal, that while we shall keep the postcard at the old standard rate we shall be allowed to raise the rate on the letters to one anna for 2½ tolas.

Mr. T. V. Seshagiri Ayyar: Sir, I do not want to discuss the academical question whether the post office business should be maintained as a public utility society or on a commercial basis. That does not very much affect the present question.

I do not agree with Sir Logie Watson on one matter. He spoke of percentages. The percentage in the case of a person drawing Rs. 10,000 a month or a lakh of rupees a year is quite different from percentage upon the income of poor people. I do not know whether he has studied the statistics with regard to this country. It is believed that the average income of a person in this country is Rs. 27 a year. That comes to Re. 0-1-6 or 0-1-3 a day, and out of that to ask him to pay three pies more for a communication is different from asking Sir Logie Watson to pay for his letter. Therefore, the statistics which he has been good enough to give us does not in the least affect the position. We have to look into the circumstances of the people who really use postcards. They are not persons of the standing of Sir Logie Watson. To ask persons getting Re. 0-1-3 every day to pay a quarter anna more out of that, is the most unsympathetic thing that any Government should attempt to do.

Mr. E. L. Price : I want to keep strictly in order when I have a few observations to make touching on the Honourable the Finance Member's suggestion. I do not know if my experience is correct. I am not a member of the Mothers' Union, but it is a body that occasionally writes to me and it sends me a prepaid reply postcard form. There are a number of other bodies, some that I belong to, and some that I do not, but they always seem to address me with a reply postcard. My own experience is, that the enormous consumption of postcards is due not so much to its popularity among the people, but rather to the enormous

use of the postcard by every sort of club or society or association for any purpose whatever. Personally, my own experience among poor people in Sind—Mr. Harchandrai can confirm me or contradict me—but my own experience is, in Sind we have a large number of domestic servants who come from Surat. We have a large number of mechanics who come from Cutch. We have a large number of people employed in all sorts of occupations whose real homes are far away from Karachi. My own experience is, that all these people write and receive not postcards, but letters, and I understand the reason is that they wish to communicate with their homes on various domestic and other delicate matters, and they object to revealing on a postcard in a vernacular understood by the post masters and postal peons, the nature of their communications. Well, Sir, the poor man is as much entitled, I think, to privacy about these personal and family matters as anybody else, and I suggest to the Honourable Mr. Hailey, that if he can see his way, as he says, to keep the postcard at the old rate, it is a very big jump to make that concession only on the terms that he is to have no letter postage under an anna. So, as a commercial proposition I put to him that if he can carry a letter that weighs 2½ annas for a tola at a profit, I beg your pardon,—if he can as a commercial proposition carry a letter that weighs 2½ tolas for an anna, proportionately he might carry 1¼ tolas for half an anna. But I realise the cost of distribution and delivery is a bigger factor than the mere weight carried. Taking that into consideration, I suggest that he may possibly see his way to include a half-anna postage still for a letter that does not exceed one tola in weight. (Cries of '½ tola'.) I say one tola for this reason, that I have myself in my own humble way experimented with paper and envelopes, and if we had been in a committee consisting of a dozen or half a dozen of us, I would have gladly put before that committee the sort of paper and envelope that you can weigh against half a tola and a tola. I assure the Members of the House that the nature and size of the communication that can be covered by half a tola is not really worth considering. But my proposition is, that this House ought really to accept Mr. Hailey's recommendation. He has made, as it were, a firm offer to enable him to carry on the post office without loss. But the jump from a quarter anna for a postcard to one anna minimum for a letter is against his own interests. He will drive people unwillingly to use postcards, who might just as well pay half an anna for a letter which would weigh very little more and cost the same amount for distribution, so that, as it were, my counter-offer to him is really a better mercantile proposition than his original offer to us.

The Honourable the President: The question is:

'That in Schedule III under the heading 'Postcards,' against the word 'single' the words 'quarter of an anna' and against the words 'Reply' the words 'half an anna' be substituted for the words in the schedule.'

The motion was adopted.

Dr. H. S. Gour: When speaking, Sir, on the question of the postage on postcards I indicated that the ratio between a postcard and a letter cannot be profitably disturbed. If the Honourable the Finance Member will refer to the tables which he read out to this House earlier in the day, he will find that in all the countries to which he referred this morning the ratio between a postcard and a letter is 1 to 2, and that is for the very obvious reason that if you were to reduce or maintain the present rate of postage on a postcard and enhance by doubling the postage on a letter you will drive a very large number of people to write their communications on postcards to the exclusion of letters. I do not agree with my learned friend, Mr. Price, that people resort to letters for the purpose or from a sheer sense of writing what they regard as confidential communications. A great many people write letters because they see no difference between a post card and a letter. A great many people write postcards because they are so handy. The late Mr. Gladstone used to send all his communications as far as possible on postcards, and the Gladstonian postcard was a well known thing of his day. Now I suggest, Sir, that if you are to enhance the postage on letters to one anna and retain that on postcards, the post office will not stand to gain much, and I therefore suggest for the consideration of the Honourable the Finance Member that he might be pleased to retain the present rate of postage on all letters not weighing more than half a tola. Now that was the postage prevalent in this country some years back and the only possible objection that I can see to the retention of this postage is that it will reintroduce the old evil of writing on very flimsy paper, and that would have been my objection to the enhancement of the rate on newspapers to which Mr. Jatkar adverted. The newspaper proprietors, especially the vernacular newspaper proprietors, use the flimsiest of paper for the purpose of cheapening their production and minimising postage. That, I submit, is not conducive to the improvement of public taste, but if you are to reduce the weight for which you carry a letter, a great number of people will use inferior paper, but that is an evil which we must put up with. This is after all a Budget which will hold good for one year, after which period we shall have to revise our rates and I suggest to the Honourable the Finance Member that he might retain the present rate of postage for letters not exceeding half a tola in weight. Now as a counterpoise to the loss that the Honourable the Finance Member may anticipate from this proposal, I suggested to him and, I suggest again, that the loss on postcards might be minimised by charging for the sale of postcards as it used to be some five years back. You will remember that a packet of postcards, that is to say, postcards with the stamp impressed thereon used to cost something like 3 or 4 pice for a packet of 12. If a similar charge is made, I do not think the public will grudge to buy a postcard. If you have got a postcard of the same size yourself, are you at liberty to affix upon it a one pice

stamp and it will be carried by the post office, but if you want to buy the postcards from the post office, you can do so at the rate which the post office will fix and which would be a very small rate, and I know as a matter of fact it was a very small rate for the sale of these postcards. I do not know how much the post office will gain by this course, but what I am trying to emphasise is that their losses will be minimised. To what extent they will be minimised I am unable to say. I can only throw out a suggestion, which might be worked up by the Honourable Member in charge of the Post Office, and he might be able to enlighten the House as to how far it will be able to relieve the finances of the country by selling these cards to the people at the rate at which they used to be sold before. The price of paper has now gone up and a certain amount of margin must be left by way of profit to the post office. Now if this proposal is accepted, I feel, Sir, that this House will unanimously consent to it.

Babu K. C. Neogy: From 1850 when the Postal Commission was appointed by Lord Dalhousie down to the present day, the rate of postage and the minimum unit of weight have come up for revision from time to time, but until to-day the policy of Government has been to cheapen postage more and more. We find that the minimum which is suggested in this Resolution, that is, half an anna for half a tola, prevailed from 1869 to 1905. In 1905, the minimum was raised to three-quarters of a tola and later on to one tola as at present. Now, Sir, the policy which Government followed during those days was very well enunciated by a distinguished predecessor of the Honourable Mr. Hailey, the Right Honourable Mr. Massey, who in 1866, while the Report of the Select Committee on the Post Office Bill was being considered in the Legislative Council of India, said, referring to the raising of the unit of weight, that he considered that :

'The Post Office was so potent an engine of civilisation that no Government would be justified in allowing fiscal considerations to stand in the way of such an improvement.'

He proceeded to observe, at the same time, as the measure would involve in the first instance a considerable loss of revenue he would impress upon his colleagues the advisability of acting with caution. But if they should arrive at the conclusion that the existing unit of weight did check correspondence and was oppressive to the poorer classes of correspondents, he could only say that he would not recommend his colleagues to do otherwise than give a liberal reception to that conclusion.

Sir, this is my authority for stating that this question has to be approached not merely from the revenue point of view.

Again, referring to the introduction of cheap postage in India during Lord Dalhousie's *regime*, Sir Edwin Arnold says :

'These are measures which make real history, and not wars—as the constant flow of the spreading river fertilises the country-side, and bears onward its boats and barks—not the violent, picturesque cataract.'

And to-day, Sir, we are making history the other way about—by taking away from the usefulness of the postal system, so that the military may flourish more and more.

Mr. C. A. Innes: Sir, I think that Mr. Neogy forgets that the reason why we are discussing these proposals to-day is because we have to meet in some way or other a deficit of 17 crores, and it is the duty of this House to arrive at a right and wise decision as to how best we can make up that great deficit. Nobody, certainly in the Commerce Department, wishes in any way to tax communications, but we decided, after the most careful consideration, that by raising the postal rates in the manner that we suggest we should raise a very large amount of revenue at the cost of very little hardship to the people. We hope to get out of the increased postcard rate, 75 lakhs of rupees; we hope to get out of our proposals for increasing the letter rate, 96 lakhs of rupees. Now, Sir, in deference to the views of the House, the Honourable the Finance Member has given up our proposals in respect of postcards, that is, he has sacrificed 75 lakhs of rupees. Now, it remains for us to decide whether we are also going to sacrifice the 96 lakhs of rupees which we hope to make out of these revised letter rates. It seems to me that there are three courses open to the House. Either we can retain our existing postal rates, that is, the initial rate being half an anna for one tola or, as suggested by Dr. Gour, we can revert to our former practice and charge half an anna for a weight not exceeding half a tola, or we can accept the proposal which has been put before the House by the Government of India and raise our rates to one anna for a weight not exceeding 2½ tolas. Now, the objection to retaining the existing postal rates obviously is, that we make no revenue at all. We have sacrificed 75 lakhs of rupees over the postcards, and, if the House accepts this proposal, we shall proceed to sacrifice 96 lakhs of rupees out of the letter rates. Now, this House will realise that we have still got this deficit of 17 crores to make up, and if we give away revenue like this we shall not be able to make up that deficit. I suggest, therefore, that this ought to be very carefully considered before the House goes back upon this proposal and decides to retain the existing letter rates.

I now come to the proposal that we should revert to the rate of half an anna for a weight not exceeding half a tola. My first objection to that is, that we shall make very little revenue out of it. We have tried to make a rough calculation of the amount of revenue that we should get by adopting this proposal and, as far as I can ascertain, we should not make more than 20 lakhs of rupees at the most. In addition to that, from the technical,

from the Post Office point of view and also from the business point of view, there is a very great objection to having so small a weight as half a tola. In the first place, as Mr. Price, I think, pointed out, it means the use of extraordinarily flimsy and bad paper. In the second place, and this is a much more serious objection, if you have a half-anna rate for half a tola, there is a grave administrative inconvenience in the Post Office and grave inconvenience to the public, for letters are continually being found to be overweight, and overpayments have to be made, that is to say, we have to send these letters round by postal peons to the addressees and we have to collect from those addressees double the proper postage. That does not pay us. We have to do it because we have to maintain our rule, but it means more staff, more expense and very little revenue. From the postal point of view the half-anna rate for half a tola letter is a bad proposal.

I now come to the proposal which the Government of India have made. I admit at once the force of Dr. Gour's objection that there is a large gap between a 3-pie postcard and a one-anna letter, the initial letter charge being as much as one anna. We have calculated what we should get by reverting to the 3-pie postcard and adhering to our proposal of an initial charge of one anna for a weight not exceeding 2½ tolas. We admit that probably a large number of communications, which otherwise would have gone by letter, will now be sent by postcard, but probably it will not be as much as might be thought, because, as has been pointed out to-day, there are various kinds of communications which cannot be sent by postcard. At any rate, the final conclusion that we have arrived at, is that by reverting to the 3-pie postcard and retaining a one-anna letter for a weight not exceeding 2½ tolas, we should make on this revised letter rate 50 lakhs of rupees.

Now, I think in almost every civilised country the ordinary procedure is for the initial rate for a letter to be fairly high and for a liberal weight to be given. In England, the initial rate is 2*d.* but they are allowed up to 3 ounces; in France, the initial rate is 25 centimes, that is 2½*d*; in Italy, the initial rate is 25 centessimi, that is 2½*d.*; in Ceylon, the initial rate is a penny; in East Africa, it is a penny; in almost every country, the initial rate for a letter is now a penny which is equivalent to one anna. By adopting the high initial rate of one anna and by allowing a liberal weight for that, we rope in all letters. It is convenient from our point of view, it is in accordance with the practice of practically every country and we assume—and this is a point I wish to impress upon the House—that it will bring in a revenue of 50 lakhs of rupees; and I am sure, that the House will realise that they cannot lightly throw away that revenue.

Dr. Nand Lal: Sir, there is no doubt about it that we want revenue and that revenue must be collected from some source. My submission before the House is this, that wisdom lies in the selection of that source. Money we want no doubt, but wisdom lies, as I have submitted, in selecting theproper source. The source, which has been debated upon, before the House to-day, is not the proper source which should be applied to for the collection of our revenue.

I must thank the Honourable Mr. Hailey, the Finance Member, for the concession which he has made in regard to postcards, and I give him credit for that. As I have submitted, the selection of the source is the most necessary thing. Therefore, let us examine as to whether these postal charges which are being increased will pay us eventually or not.

In order to determine this question we have to see whether the Postal Department is a Department which should necessarily be a paying one and only in that case it should be established and maintained. My answer to this, differing from Dr. Gour, would be, that the Postal Department is one of those Departments which should be established and maintained by the Government. It is one of the paramount duties of Government to see that there is a Postal Department in the country which that Government rules.

There is another point which is in support of this contention, that the Postal Department should be maintained, even if it does not pay at all. For instance, if there is no Postal Department, how can communications be made. In order to keep communication, in continuity, it is necessary that this establishment should be maintained by the Government, whether it pays or not.

Now, as to the point whether the proposed increase in regard to letters will really bring more revenue to us or not. This aspect of the question has to be examined with reference to two phases—one, whether it will not be taken as an innovation, not only an innovation but a startling innovation so far as the sentiment of the people is concerned. People are used to half-anna letters and they will begin to say at once 'Hullo, the Government is going to charge us heavily.' This sentiment, this idea, which will really occupy the mind of the people, cannot do any good politically to us at this juncture. We ought to give serious consideration to this point also. Assuming, for the sake of argument, that it may bring the revenue which is contemplated by the Honourable the Finance Member, at what cost shall we be collecting this revenue—that also has to be considered. The great praise which we find lavished on the present Government at this time is that every peasant, every man in the village says 'What a good Government this is; you pay only half an anna and you can shake hands with your friend in Bombay or Madras.' By 'shaking hands' I mean, of course, that you can communicate, I use the words in a popular sense. Owing to the postal facilities people say, 'This is a nice Government. No previous Government did this amount of kindness.' Now this idea will be removed, and so far as the maintenance of this good opinion of the people is concerned, we should jealously and religiously pay

deep consideration to their sentiments. Now I am placing this idea before this Honourable House—Will there not be some displacement in their sentiment, if they are saddled with these heavy postage charges ? If you agree with me that there will be some sort of change, then the collection of this revenue, politically, will not be paying to us at all. Therefore on this ground, my submision is this ; Let it remain as it has been, because this is not the proper time to make innovations and changes which may be opposed to the wishes of the people.

Taking the other aspect of the question, as it has already been argued and very ably discussed, that if you increase the half-anna letter postage or postal charge on a letter, then every one would like to use postcards. Admitting the soundness of this argument, it may be submitted, that there will be a comparatively smaller number of people who will use *lifafas, viz.,* those who will write letters. So on the economic side also, there will not be much gain—in fact, there will be no gain ; and on the political side, we shall be losers. Then ultimately this innovation will not pay us at all. I very respectfully suggest to the Honourable Mr. Hailey, the Finance Member—let the old system remain. The suggestion propounded in this amendmenet deserves to be accepted. With these few remarks I very respectfully appeal to this House that they will support this amendment which speaks for itself.

Mr. R. A. Spence : Mr. President, I am very sorry that after the very excellent speech of the Honourable the Finance Member and the speech of my Honourable friend, Mr. Price, with which I am in complete agreement, I shall have to weary you with any remarks at all, but certain remarks have been made in the course of the debate to which I should like to draw the Honourable Member's attention.

Some Members here present have said that the Post Office, like education, should be a matter which the people should have, practically speaking, free ; they should not have to pay for it. Now, I do not think we can agree with that. We do agree, I believe, that education ought to be given to the people as cheaply as possible. That is because you want education to make a man a fit citizen. But it is not necessary that that man should write letters and postcards to be a fit citizen, and every penny that you charge to Government for allowing that gentleman to send his letters, is going to take away from the money that is wanted for education. You cannot find enough money for education, and yet you want to go and tell the Honourable the Finance Member that he must throw more money away on the poor people's postcards and letters.

Well now, we have agreed as regards postcards. The Honourable the Finance Member has asked us to agree in regard to letters. My Honourable friend, Mr. Price, has asked the Honourable the Finance Member, 'Will you not, Sir, make a concession as regards letters that don't weigh more than a tola,' and I would ask this House to accept that and take letters not exceeding one tola. We were told that half a tola was too flimsy for anything, and, therefore, we ask that letters weighing one tola should go for half an anna, anything above that, one anna. I am sure, Mr. President, that it would really meet with the views of the people of this country, and those are the views we want to meet, if that amendment were carried.

Khan Bahadur Chaudhuri Wajid Hussain : Sir, with due deference to Dr. Nand Lal and with due deference to Mr. Spence, I do not think it is a question of whether we should keep the Post Office free or whether we should keep education free. It is a more serious question than this. The question is this. A deficit has been caused in the Budget, which is a Budget of the people. We have to meet that deficit somehow, and it is our sacred duty, I might almost say, to find the money somehow. I do not agree that the raising of the postage on letters to one anna will cause the discontent that Dr. Nand Lal apprehends. It will certainly cause no hardship. While I am very glad that the postage on postcards has been reduced from half an anna to quarter of an anna, because it will save a lot of discontent, I do not think we need be afraid that the raising of the postage from half an anna to one anna will cause any discontent, because this will affect the pockets of people who can well afford it and who are sensible enough to see that they must make some sacrifice for the great experiment which is being tried in this country. People will take more interest in this—of course it is a side issue—they will take more interest in the Reforms if they know they are paying for the Reforms out of their pockets every morning and every evening. I certainly think it will not cause any discontent. Of course I should have preferred—and I am personally interested in it as much as anybody else—that the postage should be kept down to half an anna. But we have to meet the money somehow, and the only possible way seems to be to raise the postage from half an anna to one anna. I would ask Members of this Assembly to consider this question in the spirit in which a Mughal Emperor considered the question of removing one of his unpopular ministers. He had a very unpopular minister and the people came and asked him to remove the minister. The minister was a very able man, and was the only man available. The Mughal Emperor turned round and said, 'Well, you bring a better minister, and you can kill this minister.' So, if you are dissatified with the raising of the half-anna postage to one anna, I would ask you to suggest a better means of meeting this serious deficit, and then you can do away with the one anna postage. After all it has to be remembered that the position before us is a very serious one. It is a very serious problem, and we have to take some bold step. It was a bold step to raise the postcard from one pice to two pice ; well, that step has been abandoned ; but you have to take another bold step. You have to set a thief to catch a thief. The whole question is whether

you should take a bold step against the poor or against the rich. It is better and safer to take a bold step against the rich than to take it against the poor. I therefore ask my brothers in this House to consider the problem very seriously and I need hardly remind them that this Budget will be the touch-stone of their work. This Budget being the first Budget will shape the verdict of the world waiting outside on their work. It is a Budget that will shape the verdict of posterity on their work. You have to take some strong and sturdy action. Without such action you cannot possibly carry on the work.

Mr. A. D. Pickford: I move, Sir, that the question be now put.

The Honourable Mr. W. M. Hailey: Sir, I agree with the theories put forward by Mr. Spence just now; but I cannot agree with the definite proposition in which he suggested they should be given effect to. For what did he propose? He proposed that we should keep exactly the same old rates as we have at present in practice; in other words as my Honourable friend, Mr. Innes, pointed out, we should make no money at all over our letters. I do not think that is sound. I do not believe myself that when we have once given the country back its cherished quarter-anna post-card, any body will blame us if we make something over the letters. I believe myself, that knowing that we have to make some sacrifices, the public will not resent our placing an additional burden on the shoulders of those members of the public who use letters. After all it is quite clear that the poor man can no longer be seriously affected. We have heard varying arguments as to the reasons why people use the letter instead of the postcard. It is stated on the one hand that they use the letter for greater secrecy. Other Members have doubted this. I fancy that if anybody had a secret to impart, or had some highly confidential matter to be sent to a relative or a friend, he would not grudge spending one anna on it. For what after all is the anna now? Mr. Neogy referred to the arguments used by Government in support of cheap postage in the past. Well, I claim that the one anna now is after all only the equivalent of the half-anna of those days. Take the country as a whole; in some cases professional incomes have gone up, and in other cases wages have gone up; but taking the country as a whole, I claim that there is very little difference now between the one anna of to-day and the half anna of those early and happy days when the old rates of postage were introduced.

Sir, I have no more to say on the abstract of general aspects of this subject. I only appeal in conclusion to the House to consider those administrative difficulties to which Mr. Innes referred. There is no doubt whatever that the public will resent our going back to the half-tola postage. I remember well the difficulties caused by the half anna system. I remember seeing letters continually coming to my servants surcharged or overcharged; I know the trouble that people had to take to assure themselves that their letters should be of the exact weight. It is undoubtedly harrassing to the sender of a letter to have to assure himself that his communication does not exceed the legal weight; it is equally harrassing to the recipient to be charged double for it on account of the mistake made by the sender. It would be a mistake to reintroduce a system of that kind. On the other hand, take what we propose to do; we propose to take a good lump all-round weight of $2\frac{1}{2}$ tolas which will admit any kind or class of letter. From the administrative point of view, it is an easy solution of all our difficulties. I would ask those friends of mine who, while they are prepared to follow us in raising additional revenue, are not afraid of placing this slight extra burden on the ordinary man, not on the poor man, but on the ordinary man, I would ask them to follow me and plump for one anna for $2\frac{1}{2}$ tolas.

Mr. K. G. Bagde: Sir, before making the remarks which I want to make, it is my duty to remove any misunderstanding that is likely to arise from those remarks. I myself have given notice of an amendment and in that amendment I suggested half an anna for weights not exceeding $\frac{1}{2}$ tola in the case of letters. There are also two further particulars; in short, I wanted to retain the old rates. But we have now been told that in resorting to the old rates in the case of post cards we will lose about Rs. 75 lakhs according to the calculation just now given to us. This information has caused a good deal of confusion in my mind, and I want to bring to the notice of this Honourable Assembly our responsibility. For full six days we have considered the demands for grants, and the utmost saving that we could effect, I think if I am right, amounted to something about Rs. 1 crore and 30 lakhs. Deducting this from the Rs. 19 crores which the Finance Member has told us we want this year to meet our deficit, we shall have to raise by taxation an amount to the extent of Rs. 17 crores 70 lakhs.

Now as we have sanctioned these grants, I think it is incumbent on us to see that so much money at least is provided to the Government. The Honourable Mr. Innes told us that there would be a great loss if we adopted half an anna for letters. Now if we take the agenda paper of to-day, we find that there are so many items on which we want to propose reduction. If we see that there are certain items which require our attention more promptly than this postal item, I think we shall have to think twice in giving our opinion on the item now under consideration. The first thing that comes to our mind is that letters cannot be classed under the head of necessaries. There are certain proposal on which we see a surcharge is proposed, for instance on food-grains, pulses, fodder, fuel and so on. Now these are all very necessary articles consumed by the poor people of India, and nobody will, I think, oppose me when I say that the importance of these articles is far greater than a means of convenience and cheap correspondence, and if we deduct from Rs. 130 lakhs

Rs. 75 lakhs, we come to the figure of Rs. 55 lakhs only, that is, if we attempt any further reduction we can do it to the extent of Rs. 55 lakhs only. So we shall have to think whether we are going to have that reduction in the case of postal charges or whether we are going to have that reduction in the case of articles which are more necessary for the poorer classes of the people of this country. I do not venture to express my own individual opinion in this case, but I humbly beg to draw the attention of this Honourable House to this position in which we are at present. With these words I conclude my remarks.

Mr. A. D. Pickford: I move, Sir, that the question be now put.

The Honourable the President: The question is, that the question be now put.

The motion was adopted.

The Honourable the President: The amendment moved in Schedule III is:

'The following be substituted under the heading 'Letters':

'For a weight not exceeding half a tola	half an anna.
For a weight exceeding half a tola and not exceeding one tola .	One anna.
For every tola or fraction thereof exceeding one tola . .	One anna.'

The question I have to put, is:

'That those words be substituted for the words in the Schedule.'

The Assembly divided as follows:

AYES—31.

Abdulla, Mr. S. M.	Mahmood Schamnad, Mr.
Agarwala, Lala G. L.	Man Singh, Bhai.
Ahmed, Mr. Zahir-ud-Din.	Mudaliar, Mr. Sambanda.
Asjad-ul-lah, Maulvi Miyan.	Muhammad Hussain, Mr. T.
Aiyer, Sir Sivaswamy.	Mukherjee, Mr. T.
Ayyar, Mr. T. V. Seshagiri.	Nand Lal, Dr.
Bagde, Mr. K. G.	Nag, Mr. Girish Chandra.
Bajpai, Mr. S. P.	Neogy, Babu Khitish Chandra.
Bhargava, Mr. J.	Rangachariar, Mr. Tiruvenkata.
Das, Babu Braja Sundar.	Rao, Mr. P. V. Srinivasa.
Girdhardas, Mr. N.	Reddiyar, Mr. M. K.
Iswar Saran, Mr.	Samarth, Mr. N. M.
Jatkar, Mr. B. H. R.	Shah, Mr. Rajan Baksh.
Joshi, Mr. N. M.	Sircar, Mr. N. C.
Lakshmi Narayan Lal, Mr.	Venkatapatiraju, Mr. B.
Latthe, Mr. A. B.	

NOES—53.

Abdul Quadir, Maulvi.	Keith, Mr. W. J.
Afsar-ul-Mulk Akram Hussain, Prince,	Maw, Mr. W. N.
Ahmed, Mr. K.	McCarthy, Mr. Frank.
Aiyar, Mr. A. V. V.	Mitter, Mr. D. K.
Barodawalla, Mr. S. K.	Misra, Mr. Piyari Lal.
Barua, Srijut Debi Charan.	Mukherjea, Babu J. N.
Bishambhar Nath, Mr.	Nabi Hadi, Mr.
Bryant, Mr. J. F.	Norton, Mr. Eardley.
Carter, Sir Frank.	O'Donnell, Mr. S. P.
Crookshank, Sir Sydney	Percival, Mr. P. E.
Dentith, Mr. A. W.	Pickford, Mr. A. D.
Dwarkadas, Mr. J.	Price, Mr. E. L.
Fell, Sir Godfrey.	Ramji, Mr. Manmohandas.
Ghulam Sarwar Khan, Mr. Chaudhuri.	Renouf, Mr. W. C.
Gidney, Lt.-Col. H. A. J.	Saiyid Muhammad Ismail, Mr.
Ginwala, Mr. P. P.	Sarfaraz Hussain Khan, Mr.
Gour, Dr. H. S.	Sen, Mr. Sarat Chandra.
Gulab Singh, Sardar.	Shahab-ud-Din, Mr. Chaudhuri.
Habibullah, Mr. Mahomed.	Sharp, Mr. H.
Hailey, The Honourable Mr. W. M.	Spence, Mr. R. A.
Hajeebhoy, Mr. Mahomed.	Spry, Mr. H. E.
Holland, The Honourable Sir Thomas.	Vishindas, Mr. Harchandrai.
Hullah, Mr. J.	Waghorn, Colonel W. D.
Hutchinson, Mr. H. N.	Wajid Hussain, Mr.
Innes, Mr. C. A.	Watson, Sir Logie Pirie.
Jejeebhoy, Sir Jamsetjee.	Wild, Mr. C. E.
Kabraji, Mr. J. K. N.	

The motion was negatived.

The Honourable the President: Order, order. The next amendment is in Schedule III under the head 'Registered Newspapers':

'That the following words be substituted:

For a weight not exceeding 8 tolas	quarter of an anna.
For a weight exceeding 8 tolas and not exceeding 15 tolas .	half an anna.
For every 15 tolas or a fraction thereof exceeding 15 tolas .	half an anna.'

Mr. Sambanda Mudaliar: Sir, may I point out that there is an amendment standing in my name. It is No. 115 on page 12. May I move it?

The Honourable the President: By general agreement the discussion was taken on the amendment, in three sections, namely, post cards, letters and registered newspapers, which stands in the name of Mr. Jatkar. That amendment was moved as a whole and I have put it from the Chair in sections in order to give the Assembly an opportunity to vote. Regarding the position of other amendments on the paper, I shall have something to say on them when we reach them.

Lala Girdharilal Agarwala: Sir, I should like to know whether I can move my amendment which runs:

'Provided that Local Postage shall in every case be half of the Inland postage with a minimum of quarter of an anna.'

The Honourable the President: At what point does the Honourable Member wish to move that? After all the amendments are finished?

Lala Girdharilal Agarwala: Yes, Sir.

Mr. N. M. Joshi: Sir, I rise to support the motion of my Honourable friend, Mr. Jatkar. I think it is reasonable to allow newspapers weighing up to 8 tolas to go for a ¼ anna as is proposed. Most of the vernacular newspapers generally weigh about that, and I think that it is in the interests of the country generally that newspapers should be allowed to spread from place to place and therefore I think this proposal is a very sound one and I hope the Assembly will accept it.

Mr. J. K. N. Kabraji: Sir, as we have lost a lot of revenue which was expected out of the proposed increase on post cards, it seems necessary now to consider how much can be made up by revising the postage on other items. It cannot be said that the increase on the postage of newspapers will affect the poor, and I certainly do not see why newspapers should be carried by the Post Office at less than the actual cost. I believe I am correct in saying that it does not pay the Post Office to carry newspapers for a ¼ anna. Not only that, but a good many newspapers which get the advantage of the ¼ anna rate, are full of advertisements. So that the Post Office carries newspapers, a great part of which is advertisement, at a losing rate of postage. What I have proposed in my amendment is to delete the quarter anna postage, for this reason that in the original schedule attached to the Act of 1898 the quarter anna does not exist in regard to registered newspapers. It does exist as regards ordinary newspapers not exceeding 3 tolas, but as hardly any newspaper comes within that weight, it has been proposed to abolish that rate in regard to ordinary newspapers. There is no reason then why a change should be made in the Schedule attached to the Act itself which prescribes maximum rates and in which quarter anna does not find a place in regard to registered newspapers. I therefore propose that the quarter anna rate in Mr. Jatkar's amendment should be deleted, and in order that any papers which have to struggle for existence may make their position good in the country—there are very few of them—I have proposed that an exception may be made in their favour by the Post Master General, if this is thought necessary. But I do not insist upon that provision. It might be kept or it might be deleted. The more important point is that quarter anna postage rates should not apply to newspapers, and that will enable the Post Office to make up a part of the loss on post cards. I therefore oppose Mr. Jatkar's amendment and would recommend that that part of it regarding quarter anna should be omitted.

Mr. Harchandrai Vishindas: Sir, I entirely support the remarks which have fallen from Mr. Kabraji and I have one argument to add. I think that newspapers are a proper object to which we should resort for our income. For this reason: The other day Mr. Spence told us, when we were considering the question of a general tax on liquors, that he could with great ease transfer the tax to his consumer. Likewise, the newspapers would also transfer this charge to their consumers. And as the purchaser or subscriber to a newspaper is generally a well-to-do man and can very easily afford this small addition, therefore, this proposal of Mr. Kabraji's serves two purposes, *viz.*, on the one hand, it taxes a rich man and on the other it gives us some substantial revenue. Of course, I oppose Mr. Jatkar's amendment.

Mr. C. A. Innes: Sir, I agree with the last two speakers in opposing this amendment. Both of them have been perfectly correct in saying that the Post Office loses on every single newspaper which it now carries for three pies. Sir, just now strong objection was raised to revising the rate of the three-pie post card in the interest of the poor. Now, we are proposing a very small increase in the postage rate of newspapers, for we are only lowering the weight from 8 tolas to 5 tolas, and the House is asked by Mr. Joshi and Mr. Jatkar to reject this proposal not in the interest of the poor but in the interest of the well-to-do, of the classes who read newspapers.

Mr. N. M. Joshi: In the interests of progress.

Mr. C. A. Innes: Mr. Joshi says, it is in the interests of progress. That reminds me of an argument which was advanced this morning in regard to this proposed increase in the rate of newspapers. It was said, that our proposal was a tax on knowledge. I deny that absolutely. It is not a tax on knowledge. If we get down to the facts, it is a slight reduction in the subsidy which the Post Office is now making to knowledge. The Post Office

is so hard up that we cannot afford to go on making this subsidy at the present rate. We have to reduce it, and the Government have tried to reduce it as little as possible. We only reduce the weight which may be taken for three pies very slightly. In the circumstances, I hope that the House will reject the amendment.

Rao Bahadur T. Rangachariar: May I inquire, Sir, whether there is any objection to retaining the second clause here in the amendment, *viz.* :

'For a weight not exceeding 15 tolas, half an anna.'

That will bring in more money to the Post Office because Government propose 20 tolas for half an anna, whereas the amendment propose 15 tolas for half an anna.

I think newspapers which go up to 20 tolas can afford to pay more because they get more in advertisements. I do not see why we should make a present to these newspapers that weigh more than 15 tolas. Government cannot have any objection to this portion of the amendment at least, and if they will accept it, we will accept the Government motion.

The Honourable Mr. W. M. Hailey: I believe myself in the words of the poet slightly reversed :

'Take all thou canst; High Heaven rejects the law
Of nicely calculated less or more'.

I am quite prepared, Sir, to accept the last two sections of this proposal.

The Honourable the President: I shall put the question in this way :

'Under the arrangement suggested the schedule under the heading 'Registered News-papers' will be :

For a weight not exceeding five tolas	quarter of an anna.
For a weight exceeding five tolas and not exceeding 15 tolas	half an anna.
For every 15 tolas or a fraction thereof exceeding 15 tolas .	half an anna.

The question is, that the Schedule be amended in that respect.

The motion was adopted.

The Honourable the President: Now, there are a series of amendments which have been substantially covered by the discussion on the three points, letters, post cards, and registered newspapers. I am prepared to hear from the author of any amendment regarding the merits of his own particular amendment. But I would suggest that in substance the discussion which we have already had has practically covered the whole ground.

Rao Bahadur T. Rangachariar: May I, with your permission, Sir, point out that there is a difference between ½ a tola and 2½ tolas and between one tola and 2½ tolas. Now we want letters above one tola to pay more. By all means let letters of one tola pay one anna. But letters above one tola may pay more, because the users of these big envelopes which we get ought to pay more.

The Honourable the President: I do not find any such amendment on the paper in the Honourable Member's name.

Rao Bahadur T. Rangachariar: No. 115, Sir, which says, for a weight not exceeding one tola . . . .

The Honourable the President: I said I was prepared to hear any Honourable Member on the merits of his own amendment.

Rao Bahadur T. Rangachariar : I beg your pardon, Sir.

Mr. Sambanda Mudaliar: Sir, I beg to move the amendment that stands in my name which the Honourable Members will find page 12, find at No. 115*:

The Honourable the President: Will the Honourable Member suggest in what way his amendment is different from the previous one?

Mr. Sambanda Mudaliar: The amendment moved by Mr. Jatkar stated :

'for a weight not exceeding half a tola, half anna ;'

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* 'That for the entries under the heads 'Letters' and 'Post cards' the following be substituted' amely :

Letters.

For a weight not exceeding one tola	half an anna.
For a weight exceeding one tola	one anna.
For every tola or fraction thereof exceeding one tola . .	one anna.

Post cards.

Single	quarter of an anna.
Reply	half an anna.'

whereas mine is, for a weight not exceeding one tola half an anna. There is a world of difference between the two. For a weight exceeding one tola, one anna; and for every tola or fraction thereof exceeding one tola, one anna.

The Honourable the President: Then the motion standing in the name of Mr. Price takes precedence.

Mr. E. L. Price: I am perfectly satisfied that the motion I had put down has been fully discussed and dealt with.

Mr. Sambanda Mudaliar: I may state that I am prepared to omit the first portion, namely, for a weight not exceeding one tola, half an anna, because this has been substantially met by the amendment which has been proposed by Mr. Jatkar. I shall state the reasons which induce me to move the amendment in regard to clauses (2) and (3), namely, for a weight not exceeding one tola, one anna and for every tola or fraction thereof exceeding one tola, one anna. If you will allow me, Sir, I will go on.

The Honourable the President: The Honourable Member may move his amendment.

Mr. Sambanda Mudaliar: Sir, I quite realise the position of Government when they want to raise money to meet the deficit, and I believe that the House will agree with me when I say that we are prepared to devise some means to raise money . . . . .

Mr. H. E. Spry: May I know what the Honourable Member is moving?

Mr. Sambanda Mudaliar: My amendment is this, that is, the second portion, namely, for a weight not exceeding one tola, one anna, and for every tola or fraction there of exceeding one tola, one anna. Now, Honourable Members of the House will be pleased to see that in the proposal of the Government it is stated that for 2½ tolas one anna will be charged. Now, I make a slight modification with regard to that, namely, for a weight not exceeding one tola one anna, and for every tola or fraction thereof exceeding one tola one anna. I hope that this will meet with the approval of the House.

Rao Bahadur T. Rangachariar: I wish to support this amendment. The point of this amendment is this. The proposal made by the Government is that any letter up to 2½ tolas can pay one anna, that is to say, a letter written by a poor ryot on ordinary thin paper has to pay one anna and a letter written in that big square envelope of the quarto and octavo size with which we are supplied has to pay one anna. Now this proposal has the merit of taxing the people who can afford to pay and of bringing in more revenue by making people, who can afford, to pay more, who use costly stationery. If people use costly and thick paper, why should they not pay more? Let us be taxed and not the poor man. I therefore heartily support this amendment.

Mr. N. M. Joshi: I also support this amendment. For the sake of revenue, I think it is better that we should get that revenue from the people who can afford to pay. To my mind, the proposal for the half anna postage was the most reasonable proposal. Unfortunately for administrative convenience and for seeing that some good people are not harassed, we have been deprived of that convenience. I therefore feel that we should get as much revenue as possible from those who can afford to pay.

Mr. E. L. Price: I suppose that Government must be simply amazed at the generosity of this proposal. There have been complaints about the tendency of inland postage to get dear, but at this rate it works out roughly to 2½ annas on every ounce, so that a five ounce letter, which is a common commercial size, would cost full twelve annas. You might make a fortune for Government, but I really suggest that it can hardly be accepted by a population dependent on communication by post.

Mr. C. A. Innes: Sir, I agree with the gentleman who has just spoken, namely, Mr. Price. I would point out that our proposal to charge one anna for a weight not exceeding 2½ tolas is not a particularly liberal proposal, because 2½ tolas equal only one ounce. Therefore, we are charging one anna for one ounce and in making that proposal we were following the procedure and the practice, as I have already explained, of practically every civilised Government. That is to say, we have a high initial charge; we allow rather a liberal weight, and in that way we throw our net wide and make revenue. I quite agree that if we adopted Mr. Rangachariar's amendment and charged one anna for one tola we should get more revenue, but at the same time I am quite certain that we should cause great hardship to the post-using population of India, and to trade, we should also inconvenience the Post Office. Mr. Rangachariar has fallen into the error which I dealt with earlier in the afternoon, that is of making the steps between our charges too small. If we adopted a one anna rate for one tola, it will cause inconvenience to the public. You would have the postal peons always coming round to you and saying, 'This letter is understamped, you have got to pay me two annas'. Now in speaking just now about our proposal to raise the 3-pie post card to 6 pies, great stress was laid on the fact that the poor clerks and the poor people in the country would find that they had to pay six pies for what had cost them three pies before and that there would be great

unrest in the country. There will be far more unrest if all our clerks, peons and people who use the letter post find that in future they have to pay an anna for the tiniest little letter and in addition always have postal peons coming and demanding two annas from them for under-stamped letters. In proposing an anna for a weight not exceeding 2½ tolas and then half an anna for every additional 2½ tolas we adopted the principle which is followed in European countries. If this House thinks that half an anna for every additional 2½ tolas is too small a charge, perhaps we might make a compromise. I merely throw out the suggestion that for a weight not exceeding 2½ tolas we should charge one anna and for every 2½ tolas or fraction thereof exceeding 2½ tolas one anna. That will, I think, be a reasonable solution that possibly might meet the feeling of the House.

Mr. B. Venkatapatiraju : Sir, after hearing the Honourable Mr. Innes rejecting the proposal made by one of the Members of this Assembly asking for an increased revenue by reducing the weight, an apology comes from the Government Benches, 'We do not want so much money' (Cries of 'No, no ; not at all') on the ground that it would affect some section of the population. Now, which is the section that would be affected ? The persons who would be affected are those who write letters which would weigh more than one tola. I can assure this Assembly that 90 per cent. of the Indians do not write any letters exceeding one tola in weight. So that for this small section you do not accept this proposal which brings in revenue. Sir, this is not the place to show any distinction, and I hope the Government will accept this proposal.

Munshi Iswar Saran: Sir, I must confess that the arguments advanced by the Honourable Mr. Innes do not convince me at all. While discussing the question of postage on newspapers, he said that the amendment was proposed in favour of the classes that read them. Is he not now supporting the classes that want to use fashionable paper and fashionable envelopes? Sir, I do not agree with the last speaker when he says that 90 per cent. of Indians do not write letters which weigh more than one tola. Unfortunately, or fortunately, the number of culprits amongst us is increasing very fast, and the number of those who write on thick paper is increasing very rapidly. To us it does not matter who is affected by the amendment. What I submit is that those who wish to indulge in the luxury of writing on fashionable and thick paper ought to know that they have got to pay for their luxury. Then we were told by Mr. Innes that it would be very inconvenient. I could understand this argument if the Post Office people had in no case to weigh letters. They have even now got to weigh after 2½ tolas. Where is the difficulty if they have to weigh after 1 tola? In view of the machinery which the Government have at their disposal in the Post office establishment, there is not much force in the argument of inconvenience. I submit, Sir, that we here are really in charge of the interests of the poor as well as the rich. It will not look well for us, specially when we have increased the postage in the case of the poor people to try to save ourselves and people of our class, and to see that we are not affected by any change that might be decided here. I therefore submit, Sir, that we should, to use the words of my learned and Honourable friend Mr. Norton, give example of renunciation. We should show by our action and not by speeches that if we are prepared to tax the poor people, we at the same time do not resort to devices in order to escape payment ourselves.

Mr. Eardley Norton: May I ask a question of the Honourable Member? Under the heading 'No. 42 Demand' there is an item of Rs. 2,14,38,000 debited against Railways, Posts and Telegraphs on account of Exchange. I would ask the Honourable Member to inform me how much of that sum has been debited against Posts and Telegraphs, and also whether these Departments had any voice in the policy which resulted in the losses debited against them respectively?

Bhai Man Singh: Sir, I support the amendment now before the House put by Mr. Mudaliar. I have got here a copy of this (stamp) book. It tells me one thing about the rates :

'Letters, not over 1 tola, ½ anna ; over 1 tola but not over 2½ tolas 1 anna ; every additional 2½ tolas 1 anna.'

These are the present rates of course, and if I mistake not—of course I am speaking subject to correction—so far as my memory goes, even before that we had the following rates :—half an anna for letters not exceeding ½ tola, and one anna for letters weighing more than ½ tola and not exceeding one tola, and then one anna for each additional tola. I think the Honourable Member on the Government side will correct me if I am wrong, but I say that, if formerly we had those rates, there is no reason why we cannot revert to those rates again when we are raising the minimum. Again, formerly we had this rule that any letter weighing more than 1 tola had to pay double the rate of a letter weighing less than 1 tola. There is no reason why the same old proportion should not be adopted now, and those who pay for 1 anna for 1 tola should not pay double that amount for any letter weighing above 1 tola. This is just and in accordance with the spirit of the previous rules though of course it may not be exactly the same. I hope the House will agree with it.

Mr. H. E. Spry: Sir, I do not wish to make a speech, but I desire to obtain certain information. I have listened, I think, to nine speeches with reference to what has been variously described as 'this amendment,' 'this motion' and 'this resolution.'

What I desire to know is, what exactly is the motion now before the House? Mr. Mudaliar carried on a conversation with himself for some time, which I had not the pleasure of hearing, but so far as I could discover, I believe he was moving motion No. 115 on this paper, in so far as it concerns letters, but omitting the first portion which deals with letters not exceeding one tola in weight. The Honourable Member for Finance pertinently asked, in reference to this omission, if it was the intention of the Honourable Member that the postal authorities should carry free of charge every letter which does not exceed one tola in weight. To that I did not hear any answer at all. Mr. Rangachariar then rose to his feet and made an impassioned speech in favour of 'the amendment,' and this phraseology has continued, without further definition up to now. What I desire, Sir, is that we should be informed exactly what motion is before the House?

The Honourable the President: The question is:

'That under the heading 'Letters' in Schedule III the following words be substituted for the words printed there, namely:

For a weight not exceeding one tola	one anna
For every tola or fraction thereof exceeding one tola	one anna.'

Mr. A. D. Pickford: Sir, the speeches that have been made on this subject seem to me to be made entirely from two points of view, first that of the poor man and second that of the polite letter writer, the man who has the choice of highly embossed glazed thick paper or reasonably nice and good writing paper. There is quite another aspect of the matter. It is the aspect of the business-man who does not for mere luxury or appearance use heavy or good paper. If he uses good paper he uses it because it serves his purpose best, better than less good paper. What has been the history of this matter in other countries? I remember very well in my own stamp licking days in a bank in London, it was quite common to put on an envelope containing absolutely necessary papers addressed to India as much as £1-10-0 in stamps. Now when the postage came down, it is common knowledge that the revenue went up, that is to say, that business houses were induced not to be luxurious but to be more enterprising. More advertisements were sent out, more circulars were sent out to the advantage of trade. Now if the reduction of postage resulted in an increase in the circulation of this very useful literature by which trade has improved, it is perfectly obvious that if we go and put the rate up now to an absurd rate, from the business point of view enterprise will diminish, and if enterprise by post diminished, the revenue will sooner or later suffer. This is not a mere question of the man who writes a letter to his friend. It is a question also of trade, and I do hope that this House will not in a light-hearted spirit lump great loads on what they call the rich man, remembering that if the rich man is hit too hard he spends less money and the general interest suffers. I support, however, the compromise which has been suggested by the Honourable Mr. Innes, which seems a perfectly fair and reasonable one. I do not think that the proposal which was made by Mr. Rangachariar is either fair or reasonable.

The Honourable the President: The question is:

'That under the heading 'Letters' in Schedule III, the following words be substituted for the words printed there, namely:

For a weight not exceeding one tola	one anna.
For every tola or fraction thereof exceeding one tola	one anna.'

be accepted.

The Assembly then divided as follows:

AYES—46.

Agarwala, Lala G. L.	Latthe, Mr. A. B.
Ahmed, Mr. K.	Mahadeo Prasad, Mr.
Ahmed, Mr. Zahir-ud-din.	Mahmood Schamnad, Mr.
Asjad-ul-lah, Maulvi Miyan.	Man Singh, Bhai.
Aiyer, Sir Sivaswamy.	Mitter, Mr. D. K.
Ayyar, Mr. T. V. Seshagiri.	Misra, Mr. Pyari Lal.
Bagde, Mr. K. G.	Mudaliar, Mr. Sambanda.
Bajpai, Mr. S. P.	Mukherjea, Babu J. N.
Bhargava, Mr. J.	Mukherjee, Mr. T.
Bishambhar Nath, Mr.	Nabi Hadi, Mr.
Cotelingam, Mr. J. P.	Nand Lal, Dr.
Das, Babu Braja Sundar.	Nag, Mr. Girish Chandra.
Dwarkadas, Mr. J.	Neogy, Babu Khitish Chandra.
Ghulam Sarwar Khan, Mr. Chaudhuri.	Rajan Baksh Shah, Mukhdam Sayad.
Ginwala, Mr. P. P.	Rangachariar, Mr. Tiruvenkata.
Gulab Singh, Sardar.	Rao, Mr. P. V. Srinivasa.
Hajeebhoy, Mr. Mahomed.	Reddiyar, Mr. M. K.
Ibrahim Ali Khan, Nawab Muhammad.	Samarth, Mr. N. M.
Iswar Saran, Mr.	Sen, Mr. Sarat Chandra.
Jatkar, Mr. B. H. R.	Singh, Mr. B. P.
Joshi, Mr. N. M.	Venkatapatiraju, Mr. B.
Kabraji, Mr. J. K. N.	Vishindas, Mr. Harchandrai.
Lakshmi Narayan Lal, Mr.	Wajid Hussain, Mr.

NOES—38.

Afsar-ul-Mulk Akram Hussain, Prince.	Maw, Mr. W. N.
Aiyer, Mr. A. V. V.	McCarthy, Mr. Frank.
Barodawala, Mr. S. K.	Muhammad Hussain, Mr. T.
Barua, Srijut Debi Charan.	Muhammad Ismail, Mr. S.
Carter, Sir Frank.	O'Donnell, Mr. S. P.
Crookshank, Sir Sydney.	Percival, Mr. P. E.
Dentith, Mr. A. W.	Pickford, Mr. A. D.
Fell, Sir Godfrey.	Price, Mr. E. L.
Gidney, Lt.-Col. H. A. J.	Ramji, Mr. M.
Girdhardas, Mr. N.	Renouf, Mr. W. C.
Gour, Dr. H. S.	Sarfraz Hussain Khan, Mr.
Habibullah, Mr. Mahomed.	Shahab-ud-Din, Mr. Chaudhri.
Hailey, The Hon'ble Mr. W. M.	Sharp, Mr. H.
Holland, The Hon'ble Sir Thomas.	Sircar, Mr. N. C.
Hullah, Mr. J.	Spence, Mr. R. A.
Hutchinson, Mr. H. N.	Spry, Mr. H. E.
Innes, Mr. C. A.	Waghorn, Colonel W. D.
Jejeebhoy, Sir Jamestjee.	Watson, Sir Logie Pirie.
Keith, Mr. W. J.	Wild, Mr. C. E.

The motion was adopted.

The Honourable the President : The question is :

'That the Schedule, as amended, stand part of the Bill.'

The motion was adopted.

The Assembly then adjourned for Fifteen Minutes.

The Assembly re-assembled at Six Minutes to Five of the Clock. The Honourable the President was in the Chair.

Lala Girdharilal Agarwala : Sir, I want to move my amendment on page 13, the proviso for which I had asked the permission of the Chair.

The Honourable the President : The Assembly has already passed the Schedule. And the Honourable Member will find that the proviso will not fit in with the amendments made by the Assembly.

Rai Sahib Lakshmi Narain Lal : Sir, the amendment which I am going to move now 'is that clause 4 and Schedule IV be omitted.' I have already submitted, at some length, this morning, while dealing with my other amendment, the grounds upon which I object to having recourse to such taxation. The proposed increase in the railway freight will not only affect the poor, but also shall prove a great obstacle in the development of their industries and should not be accepted. My former motion under Clause III has been lost and practically all the other amendments have been lost; if one amendment has been adopted for decrease another amendment has been adopted for increase. On all these facts taken together I hope the Council will accept my amendment.

The Honourable the President : The question is :

'That clause 4, Schedule IV be omitted.'

The Honourable Mr. W. M. Hailey : Sir, I oppose this amendment on very much the same ground as I was obliged to take this morning in dealing with another amendment moved by the Honourable Member in regard to the complete exclusion of the postal Schedule. The ground I took then was that, if his amendment were accepted, we should be unable to consider any item of the Schedule at all. Now, we have, I know, a considerable number of amendments in regard to the Freight Schedule, which propose, for instance, that fodder, firewood, and so on, should be dealt with on easier terms than proposed by us. But if the whole of the surtax proposals were vetoed outright as proposed by the Honourable Member, I doubt whether the House would find it possible to raise by any other means the large sum of money which we have proposed to take under the surtax. I would suggest to the House therefore, Sir, that the proper course is to treat this case as we treated the case of postal rates, that is, to consider them in detail and to decide what modifications are required, but not to block the whole discussion.

The Honourable the President : The question is :

'That clause 4, Schedule IV be omitted.'

The motion was negatived.

The Honourable Mr. W. M. Hailey : Might I interpose for one minute, Sir ? Would it be convenient to you and to the House to take the Tariff first of all ? It would be more convenient to Government to do so, but I am quite at the disposal of the House in the matter.

The Honourable the President : The question is that the Assembly do resume consideration of clause 2.

The motion was adopted.

TARIFF.

Mr. Manmohandas Ramji: Sir, I beg to propose:

'That in clause 2 (1), before the words 'For the Second Schedule' the following be inserted: With effect from the first day of April, 1921.'

Sir, my object in proposing this amendment is this. As proposed in the Bill this Act is to come in to force from the 1st of March, and if this is agreed to by the House, the effect will be that the merchants whose goods are lying in the Custom Houses in bonded warehouses and which are being cleared from the Custom Houses will be greatly affected. This change in tariff values will be recovered from the persons who cleared their goods from the Custom Houses from the 1st of March. As we all know, Sir, there is the usual feeling that if there is any change in the tariff rate, it comes on the 1st of March. But under the present circumstances, circumstances which are abnormal, I have ventured to come before you and suggest that an exception should be made in this provision, and that the date from which this Act should come into operation should be postponed by one month. As it is, Sir, the merchants have suffered great loss on account of certain policies and certain circumstances over which they had no control, and this, to my mind, will be the last straw that will break the camel's back. In these circumstances, Sir, I propose this amendment. It may be argued by the Finance Department that they will lose Rs. 70 lakhs that they have already collected by bringing this Bill in anticipation to come into force from the 1st of March. But I may say that it will not be a loss at all, because, if we are going to get at the rate of 11 per cent. as proposed in the tariff, more than 37 crores of rupees, as our income, and at the rate of 12 months in a year it will be about 2½ crores per month. Instead of that on account of the slump it is going to be only Rs. 75 lakhs for these 24 or 22 days, and it may go to a crore for the month. Therefore, it will be no loss in the revenue. The 12 months may be counted from the 1st April to the 31st March next year. So the period of 12 months will be covered under any circumstances. What I propose is, that the effect should be shifted from the 1st of March to the 1st of April, and I hope that Government will show their sympathy with the importers in this case and try to give them some relief, if possible.

The Honourable Mr. W. M. Hailey: Mr. Manmohandas Ramji has made an appeal to the House on behalf of those merchants whose goods are still in bond. They will, however, recover the increased duty when they have taken their goods out of bond, because they will naturally pass such duties on to the customer. (*A voice*: *Not all of a sudden.*) They will at all events, do so, if they act on the experience we have gained of similar operations in previous years. I quite admit that importers are entitled to our sympathy, and are entitled to any assistance that we can give them in the very difficult position in which they have been placed through their exchange losses. But I could not advise the House, merely on that account, to give up as much as 70 lakhs of our revenue. The Honourable Member suggested that we should easily get the whole of increased revenue we have proposed from customs in the coming 12 months. Already it has been suggested in this House, however, that our estimates are unduly liberal, and that on account of the falling off of imports, and the general slump in trade it will be difficult for us to realise the full sum which we have placed in our Budget. I am unwilling to run further risks. If we lose 70 lakhs, it is true it falls within the figures of the present year, but our balances are reduced by that amount and must be made up somehow in the coming year. We are following in this case the ordinary procedure of the Provisional Collection of Taxes Act which provides that any changes made in the tariff should come into force as from the 1st March. That money is being collected, and if we have to make a refund now, it would be a serious administrative inconvenience to the Collectors of Customs, not that that is the most vital point, but that is one factor of consideration. But above all, it would be a substantial loss to us, a loss which we could ill-afford, and a loss which, in the circumstances, I do not think it would be justifiable for me to advise the House that it should incur on the grounds advocated by the Honourable Member.

Mr. E. L. Price: I am afraid I have to oppose Mr. Ramji. Like many other members connected with trade, I have been bombarded with messages and telegrams on this question and I went into the matter—Mr. Innes kindly showed me the precedents of 1917 which have been followed entirely. These merchants who appeal to me to support this motion have forgotten that they are not the only pebbles on the beach. I find that though the merchants in the ports generally took this view, there are a number of other merchants up-country who have already cleared their goods, and they are very loath that the same low rate of import duties should be accorded to their competitors in the ports who have been a good deal slower, and their argument is, roughly, I think, that equity should assist the man who is quick and not the man who is slow.

But, Sir, there is one point Mr. Hailey made that I am afraid does not apply at this moment. It is perfectly true that in anything like a normal decent market the importing buyer, whoever he may be, adds the value of the import duty paid to the price of the goods when he sells them. But, Sir, owing to the slump, the unfortunate importer is already at a very large loss on his cost, and it is quite evident that if he cannot obtain from the market the actual cost of his goods, still less can he obtain the cost of the goods *plus* an extra duty.

That is not possible, Sir. Much of the goods have been cleared at the present time and it is impossible to refund to the concerned this extra cost or duty. On the other hand, as some

dealers seem distinctly benefited and those up-country would have a grievance if this concession were made to those at the ports, I think it would be inequitable to grant it.

Chaudhuri Shahab-ud-Din : I have only to say a few words. I want to know whether this amendment has been proposed in the interests of the importer or in the interests of the buyer and consumer. Let me assure this Honourable House that the importer who had to pay a little higher duty has by this time recovered it from the buyer who in his turn has recovered it, at least in some cases, from the consumer. It is too late, therefore, now to say that we should refund the money. With these words I support the original proposal and oppose the amendment.

Rao Bahadur T. Rangachariar: I wish to draw the attention of the House to the terms of section 2 of Act XVI of 1918 in which it is required to be declared that it is expedient in the public interest that the Bill should have retrospective effect under the provisions of this Act. Now therefore what we have to be satisfied about is that this restrospective recovery is in the public interest. Well, I find the Honourable Mr. Price in opposing the motion has advanced very cogent reasons for supporting the motion. He says the importing merchant is already in trouble and that he is not able to clear the goods. Speaking from what little knowledge I have of the habit of merchants in my practice of law, the importing merchants always make forward contracts with reference to the imported goods, and therefore when they enter into contract, they come to an agreement as to the price also. That being so the merchants are already hard hit by the exchange policy of the Government. We know, and we have been told, that lots of goods are lying in the Customs Houses uncleared on account of this difficulty because they are unable to clear the goods. That being so it appeals to me as a lawyer there is some justice, in fact very strong justice, indeed in the motion made by my Honourable friend Mr. Ramji. It appears to me not an ordinary course to adopt to give retrospective effect to the legislation. I join issue with the Honourable the Finance Member that this is an ordinary course for legislation. On the other hand, it is an exceptional course which is confined only to customs and excise duties as will be found in Act XVI of 1918. Other legislation ordinarily takes effect only from the date on which it is passed by the legislature, but this exceptional provision is made in respect of these two measures, namely, Excise and Customs, and therefore as the duty is cast on this Assembly of being satisfied that it is in the public interest that we should give retrospective effect to legislation, I ask myself that question—At a time like this when merchants are hard hit, why should it concern us whether the consumer profits or the merchant profits. If the merchants profit, it is so much to the benefit of the country, because if the merchants make huge profits, by all means that goes to the benefit of the country, and therefore let us not grudge them the profits that they make. On the other hand, we know that they have not made profits on account of exchange policy? And are we to make the law retrospective ? What is the public interest that the Government has proved that it requires that we should make retrospective legislation? So even at the risk of sacrifice of the revenue collected, I think the motion has the merit of having justice and equity on its side. I therefore strongly support the motion.

Mr. N. M. Joshi : Sir, I confess I do not at all understand the logic of my Honourable friend Mr. Rangachariar. He says, even if the consumer has lost, at least the trader has gained and he is willing to make a present of the money to the trader at the cost of the tax-payer. I do not know why we should do it. If the trader has gained money from the consumer, it is right that that money should go to the public treasury and relieve the burden of the tax-payer. It is therefore quite proper, and it is in the public interest, that we should collect the taxes from the 1st March.

Babu J. N. Mukherjea : Sir, I beg to support the amendment of Mr. Manmohandas Ramji. As has been pointed out by my Honourable friend Mr. Rangachariar, the remedy aimed at is that the bad effects of the retrospective legislation should be minimised as much as possible. Not only does what has been stated by my friend Mr. Rangachariar appeal to me, but there are practical administrative difficulties connected with this declaration which, I think, I ought to place before this House. I hold a telegram in my hand which I have just received from Calcutta to the effect that the enhanced duty is being levied on goods which arrived in port before the 1st of March last. This, it seems to me, would entail great hardship on the importing merchants. Such a procedure seems to me to be inconsistent with the letter or spirit of the declaration, but, as a matter of fact, I find from the telegram that such a thing is being done. It certainly adds to the difficulties of this retrospective legislation. Of course, it is for the Honourable the Finance Member to devise means as to how all these difficulties can be obviated, but I think it is my duty to place before the House the misery and the suffering of the merchant community who are importers, and who, for reasons which have already been placed before the House, namely, those due to exchange and other causes, have not been able to remove their goods. I would like to draw the attention of the House to the fact once again that this tax is being levied from importers although their goods arrived in port before the 1st of March.

I beg to support the amendment of my Honourable friend Mr. Manmohandas Ramji.

Mr. C. A. Innes : Sir, I think that this Assembly wishes to follow the procedure of the House of Commons as closely as possible. When Mr. Rangachariar assured the House that there was no precedent for giving, what he called, retrospective effect to taxation, he was, I think, entirely wrong. As soon as finance proposals are laid before the House of Commons at

Home without any delay at all, Resolutions are passed and those finance proposals come into immediate effect. That procedure was formerly the procedure of convention. Then there was a very famous case in which Mr. Gibson Bowles fought this procedure in the Courts of law, and now that procedure is established by Statute. In passing our Provisional Taxes Act of 1918, we merely adopted the procedure which is followed in the House of Commons and at Home, and I think that, if the House will reflect at all, it will see that this is the only procedure that is possible. We cannot give people notice that a month hence we are going to raise their taxes. What would be the result? Under section 37 of the Sea Customs Act the rate of duty applicable to goods imported is the rate of duty in force on the date on which the bill of entry thereof is delivered.

'Provided that, if such goods are warehoused under this Act, the rate and valuation applicable thereto shall be the rate and valuation in force on the date of the actual removal of the goods from the warehouse.'

Now, if we accept Mr. Manmohandas Ramji's proposal and give all importers notice that on the 1st day of April these taxation proposals of ours are to come into effect, the immediate result will be that all importers will go to the ware-houses and take all their goods out of bond, and when we bring our taxation proposals into effect we shall have nothing to tax. They will get the benefit. Immediately after the 1st April they will raise their prices in accordance with our taxation proposals, and the whole of the extra profits will go to them and Government will lose all this money for no purpose at all, simply to allow people to profiteer.

I think, Sir, that that is all I have got to say. We have collected already a very large amount of money under these proposals, and if the House accepts this proposal of Mr. Manmohandas Ramji, we shall be put not only to very great loss, but also to very serious administrative inconvenience. All sorts of importers, who may be, have already sold these goods and passed on the extra price to the consumer, will come to our Customs Collectors and say: 'Pay us back the extra tax you have taken from us.' I would point out that under the Indian Tariff Act any increase of customs duty, it is expressly provided, can be added to the contract price, for which the goods have been sold.

That is all I have to say and I hope the House will have no hesitation in rejecting this amendment.

Mr. B. Venkatapatiraju: Sir, though I do not generally agree with the Government, I agree with it now. I have given notice of an amendment just the converse of this very proposition which has been moved by my Honourable friend Mr. Manmohandas Ramji. I stated there that:

'Such substituted Schedule shall take effect from the first day of March 1921',

the reason being . . . . .

The Honourable the President: I will allow the Honourable Member to make that speech on his own amendment.

Mr. B. Venkatapatiraju: Sir, without referring to my amendment I would say that if the Assembly decides to impose a certain duty, rightly or wrongly, it does not matter whether they impose it from the 1st of April or the 1st of March. The question is that once we have settled that, we shall take it from a certain date. I think it is better we should take full advantage of it in the interests of the Government. We should see that some portion of the community does not take advantage of it while others suffer. Therefore I support the amendment.

The Honourable the President: The question is:

'That in clause 2 (*1*) before the words 'For the Second Schedule' the following be inserted:

'With effect from the first day of April, 1921'.'

The motion was negatived.

Mr. B. Venkatapatiraju: Sir I beg to move:

'That to clause 2 (*1*) the following be added:

'and such substituted Schedule shall take effect from the first day of March 1921'.'

It has been pointed out by Mr. A. V. Ayyar, that in case the present Bill is not passed by the end of this year, there may be some difficulty about the money realised in March. In order to avoid this, I suggest that the substituted Schedule should have retrospective effect from the 1st March 1921.

The Honourable Mr. W. M. Hailey: This appears to be a legal point; but if we accept this amendment we may perhaps get some extra security against the possibility of our legislation not being passed by the 31st March, and therefore on that ground, Sir, I am prepared to accept it.

The Honourable the President: The question is:

'That to clause 2 (*1*) the following be added:

'and such substituted Schedule shall take effect from the first day of March, 1921'.'

The motion was adopted.

Rao Bahadur T. Rangachariar: Sir, I do not move my amendment in view of the fate of the other amendments.

My next amendment, Sir, is:

'That to clause 2 (2) the following proviso be added:

'Provided that the Acts hereby repealed shall come into force again on 1st April, 1922, in the absence of any legislation to the contrary'.'

Certain Acts have been repealed by this Bill, and my amendment is only to make it clear that the Government must have some machinery to go by at the end of the year, so that as soon as the 31st of March 1922 expires the old Acts, without any further legislation, unless there is any legislation to the contrary, might come into force again. I therefore provide that the Acts hereby repealed shall come into force again on the 1st April 1922 in the absence of any legislation to the contrary.

The Honourable Mr. W. M. Hailey: I confess, Sir, that I am at some difficulty here; it is a legal point, and I could have wished that my Honourable friend, Dr. Sapru, had been here to speak about it. The advice given to me is that this is quite unnecessary; but I should welcome the advice of other lawyers in the House, for we know by experience that there is seldom unanimity on any legal point raised. But our own advice has been, that it is quite unnecessary to suspend an Act by legislation and provide for its coming into force again.

Mr. T. V. Seshagiri Ayyar: I am inclined to agree with the Honourable the Finance Member, Sir.

Rao Bahadur T. Rangachariar: Sir, if my Honourable friend will refer to the General Clauses Act, he will find that there is no such provision. I shall withdraw my motion; but I do not think there is such a provision in that Act. I moved this amendment so that the Government may not be left without any machinery at the end of the year.

The amendment was negatived.

Mr. Sambanda Mudaliar: Sir, I beg to move the following amendment, namely:

'That to clause 2, the following new sub-clause be added:—

'In the Third Schedule to the Indian Tariff Act, 1894, after item No. 5, the following new item be added:.

'6-Myrobalan (*ad valorem*) 5 per cent'.'

Sir, to such Honourable Members of this House as are connected with the tanning industry in India I may say that they may know that this article Myrobalans is freely used in tanning raw hides, skins, etc. I may state for the information of this House that this article is exported in very large quantities to foreign countries, England and other countries. I may just give the figures which will convince the House that by levying an export duty on this article we can get some money, with a view to tide over the financial difficulty this year. I shall give the figures. In 1914-15, 1,164,260 cwts. were sent from India—the value in sterling being £350,450. Then coming to the last year, 1919-20, we see that the quantity exported from India comes to 1,711,589 cwts. and the value to £619,935.

Sir, I venture to discuss this proposal from two points of view. The first and foremost point is that it will bring in more money, and, secondly, it will stimulate the growth of industries in India. I may mention for the information of the members of this House that Myrobalans is also used for the extraction of oil in India, and I understand that two or three firms make use of this article for the purpose of extracting oil which is used for tanning purposes. Therefore, in view of its utility, I think the levy of this export duty will stimulate the growth of this species of industry in India. I submit that by levying a 5 per cent. duty we can get not less than Rs. 50,000, perhaps it may even be a little more. I put the figure of 5 per cent. more cautiously. I beg to submit that, in considering my proposal, it should be viewed from a broader aspect, namely, as I said before, it will stimulate the growth of industries in India; and it is from that point of view I submit this proposal. Another advantage that will accrue from accepting my proposal is that it will bring in more money. For these two reasons I venture to commend my proposal for the acceptance of this Assembly.

Mr. E. L. Price: Sir, the mover of this proposal suggests that his proposal will stimulate the growth of industries in India, but I ask if it will add to the production of Myrobalans. Now, Myrobalans are an agricultural product and I have got very strong feelings on this subject, Sir, because I know the way in which land owners and cultivators have been treated for some years in India. There seems to be a determined effort on the part of town dwellers to pile every mortal piece of taxation they possibly can on the agrarian interests. Quite recently, Sir, there were Rs. 9 crores made on Burmese rice at the expense of the cultivators—put to what purpose? I do not yet know. In the adjusting figures the Honourable the Finance Member laid before us ten days ago, there was an item of Rs. 90 lakhs made out of Punjab wheat. All that money is taken from the pockets of zemindars and cultivators and transferred to the credit side in the budget. Why tax zemindars over and above the real rates of taxation that you have? I suggest, Sir, that ever since the time of Akbar the principle has been that all the Imperial taxation due from the land owner has been the land revenue assessment. Over and above that, to put export duties on his products and impoverish him would greatly militate against the development of agriculture. The thing seems to me

hopelessly wrong in principle. These men want to get the best price they can for Myrobalans. Now you put on 5 per cent. duty. Who pays it? Undoubtedly it comes off the producer's price.

Mr. C. A. Innes: Sir, I think it is rather a commentary upon Mr. Sambanda Mudaliar's proposal that the two following proposals are proposals for the removal of export taxes now in existence. Mr. Sambanda Mudaliar wishes us to place a new export tax upon Myrobalans. Sir Frank Carter and Mr. Pickford wish us to take off export taxes which are already in existence. Now, Sir, I think that the House ought to take a warning from this. The trouble about an export tax is the uncertainty of its incidence.

It is never quite certain where the incidence of the tax is going to fall. With an import tax it can always be said that it eventually comes down upon the consumer; but with an export tax you can never be sure of that and you can never be sure that the incidence of the tax will not fall upon the producer. Now, apart from that, I suggest to this House that this is a very unfortunate time to suggest an export tax upon a tanning material like Myrobalans.

It is common knowledge, I think, and I am sure Mr. Pickford will tell us about it later on, that the tanning industry in this country is at present in a very depressed state. The tanning industry all the world over is in the same depressed state, the markets have collapsed, buying and selling is very restricted, and there is very little market for the produce of our Madras and Bombay tanneries. It is perfectly certain, and it has always been the case that India has produced far more Myrobalans than she requires for her own purposes. At the present time that is even more the case than ever. I think I am correct in saying that only last year the Madras tanneries actually stopped tanning for six months. As I have said, not only is the industry depressed in India, but it is also depressed all the world over; therefore, the demand for Myrobalans has grown less all the world over, and it is just at this time that Mr. Sambanda Mudaliar comes up with this very questionable proposal that we should put a 5 per cent. duty upon our Myrobalans. As those who produce Myrobalans are having enough difficulty as it is to sell their Myrobalans, I ask this House not to add to their difficulties by imposing an extra tax upon them. I am quite sure it will do no good; it may bring in a little revenue, but very little, but we may kill the trade and we may drive the home tanners and the people who now buy our Myrobalans to the numerous other tanning materials and tanning extracts which can be obtained all the world over. People do not use merely Myrobalans, they use every kind of tanning material, they use every kind of extract, and why should we select Myrobalans and say that there should be an export tax upon them? I think, Sir, that the proposal is an unsound one. In any case, I would suggest that, before we pursue a proposal of this kind, we should wait till we get the report of the Fiscal Commission which will go into the whole of these export and import taxes.

Sir Logie Watson: Sir, if I thought for a moment that this proposed duty of 5 per cent. on Myrobalans would have been in the least likely to encourage the tanning industry in India, I should support the Honourable Mover. I do not think it will have the least effect on the tanning industry and I also do not think that the 5 per cent. added to the price will have the least effect on the market at Home. At the present time, as the Honourable Mr. Innes just mentioned, there are more Myrobalans in India than can be used in the country or in the tanneries in other parts of the world. Under ordinary conditions, the ordinary class of Myrobalans shipped from India is what is known as No. 1 grade. The Home merchants buy it as a colouring agent more than a tanning agent, and that being the case, I cannot agree with the Honourable Mr. Innes that other tanning agents can be substituted for it; possibly he knows more than I do on that point, but at any rate we have tried to discover for many years whether that was the case or not.

Mr. Price referred to Myrobalans as if they were planted like potatoes. That is not the case. There are large jungles of Myrobalans and a good many of these jungles are owned by Government; but that does not help his argument in any way, and I am simply mentioning it in passing.

I remember when I came to India first we used to buy Myrobalans at Re 1-4-0 a maund. I have seen them as dear as Rs. 4-12-0 a maund, and I believe the price to-day, notwithstanding the fact that tanners are not buying, is Rs. 2-12-0 a maund. So if, in the old days they made a profit on Re. 1-4-0 they must indeed be making a very high profit to-day and so I have no sympathy with the 'poor down-trodden people' Mr. Price referred to.

Mr. J. F. Bryant: Sir, I should like to point out that in the case of an export tax on monopolies, the tax falls on the consumer. If the article is not a monopoly, the incidence is largely on the producer.

In this case, Myrobalans are practically a monopoly of India; but we depend, not on their value as Myrobalans, but upon the value of the tanning contained in them for tanning purposes. Tannin is found all over the world. It is not a monopoly of India. Hence by taxing Myrobalans, you would virtually be taxing the Indian Collector of Myrobalans.

Now the difficulty of imposing a tax in this case is that the principle will apply to all substances other than Myrobalans.

You might as well impose a tax on any article exported from the country, or all other exports because the same principle will apply.

Now, Sir, I leave it to this House to judge whether it is expedient to tax exports at a time when we want to establish a favourable trade balance, in other words, to improve our exchange. My third argument is that Myrobalans have already been taxed. In the vast majority of cases they are forest produce, and they are collected in a variety of ways and in most instances in Government reserved forests. The Minor Forest Produce Contractor has already paid Government for the right of collecting them. That practically amounts to a tax, and if you impose another tax you would be taxing him doubly. I think that is very unfair and I leave it to the House to consider whether it is just to tax Myrobalans twice over.

Sir Logie Watson: Sir, might I rise to correct one statement made by the Honourable Member that the value of tanning material is always determined by the amount of tannin? That might be said to be the case generally, but there are many exceptions. There are in India many tanning agents which contain a large amount of tannin but are worth little because of their objectionable colour.

The Honourable the President: The question is:

'That to clause 2, the following new sub-clause be added:

'In the Third Schedule to the Indian Tariff Act, 1894, after item No. 5, the following new item be added:
"6." Myrobalan (*ad valorem*) 5 per cent.'

The motion was negatived.

Sir Frank Carter: Sir, the amendment which stands in my name runs as follows:

'That to clause 2, the following new sub-clause be added; namely,

'(3) With effect from the 1st day of April 1921 in the Third Schedule to the Indian Tariff Act, 1894, item No. 5, relating to Tea be omitted'.'

Sir, the export duty on tea was imposed by Sir William Meyer in his Budget in 1916-17, and he brought forward three reasons why this duty should be imposed. The first was that Ceylon paid an export duty, the second was that the tea trade paid no income-tax, and the third was that the tea trade was prosperous.

At the time of the imposition, strong protests were made by the Indian Tea Association in Calcutta and London and attention was drawn to the unsoundness of an export duty on a commodity which is not a monopoly of the country of production. The Honourable Mr. Innes has told us also about the unsoundness of export duties, and I am quite sure that he has put it far more lucidly than I can. However, the Tea Associations in Calcutta and London regarded this tea export duty as a burden resulting from the war, and for that reason they accepted it. I think, however, I can fully show this House that none of those reasons which induced Sir William Meyer to put on that export duty in 1916-17 are existent at the present day. The example of Ceylon no longer holds good because they are trying to do away with their export duty. As regards the question of income-tax, it is true that at that time the profits on the manufacture of tea were not liable to income-tax, but by a recent ruling of the High Court this exemption no longer exists. Whatever may be thought of that ruling or of the conduct of the Government of India leading up to it there can no longer be any reason for maintaining the export tax. I now come to the third reason brought forward by Sir William Meyer, the prosperity of the tea industry. And I think that I can prove conclusively to this House that, if for no other reason, the export duty on tea ought at once to be removed. No one needs to be told that the prosperity of the tea industry no longer exists. In fact, it is common knowledge that the tea industry is on the verge of, I may say, bankruptcy. It is at the present moment in a deplorable state. The position has been brought about by the entire cessation of the demand from Russia and the accumulated stocks in the London warehouses. The industry is now struggling not to make a profit, but for its very existence and it is no exaggeration to say that for fully three-fourths of the tea now being sold at the weekly auctions, the prices realised show a loss of pence per pound. When the export duty was originally imposed in 1916 the average price on the Calcutta market was 8 annas per pound for good tea. This average price has now fallen to 5 annas and 3 pies per pound and common teas are being sold as low as one anna nine pies per pound. This latter figure, I may tell this House, barely pays for the cost of the box and transport. There is nothing left for the price of the tea. You can easily understand, therefore, Sir, that this state of things cannot last for long. Gardens already have been shut down and more must be shut down. And if this state of affairs continues what is to become of the labour? Tea labour is paid partly on the basis of work done and this is reduced because there is less work to be done. If the present state of affairs continues, there will be a large amount of labour put on the market in Assam. As I said before, I expect it must be well known to this Assembly that an export duty on an article which is not a monopoly of the country of production is unsound.

The most severe competition that the tea trade in India experiences is from Java, and I think I can show to this House by the following figures that the exports from Java to Australia—Australia's trade was originally practically confined to India—have increased owing to this export duty, out of all bounds. In 1912, the exports from Java to Australia were 5,900,000 lbs. In 1917, the year after the duty was imposed, they were 11,600,000 lbs. which is double the figure for 1912. In 1918, they were 11,400,000 lbs., in 1919, 16,000,000 lbs; in 1920, 20,000,000 lbs; and it is anticipated that in this year, 1921, the figures will amount to over 21,000,000 lbs. This is a very serious matter, especially as the tea industry

has to face competition not only from Java, but from other eastern markets such as Japan and China. It may be thought that I am arguing this only on behalf of the British gardens. But I am not doing anything of the kind. The tea industry is not in any way confined to British gardens, and the capital of the tea gardens is not by any means in the hands of the British. There are many Indian gardens which at the present time are being ruined, and it is especially to keep those Indian gardens alive that I ask for this tax to be removed. It is the Indian gardens which are being hit far more than the British gardens, because they have not the money behind them to fall back on, now when the times are so bad. In the present crisis, such a crisis as few industries have ever undergone, I think, Sir, that the retention of this duty cannot on any reasonable grounds be justified.

Lala Girdharilal Agarwala: Sir, I find from the Tariff Schedule, page 9, item 68, that tea is taxed at 11 per cent. Now, if I understand my Honourable and learned friend rightly, he refers to this item when he says that this be omitted and that tea be imported free of duty.

Srijut Debi Charan Barua: Sir, I am glad to support the motion of Sir Frank Carter, and in doing so, I beg to state that the tea industry is now suffering from one of the worst crises it has ever met with. The tea that was sold at 8 to 10 annas a lb. fifteen months ago and previously, is now being sold at 4 to 5 annas. The cost of production itself exceeds 5 annas a lb. The tax was imposed for the first time during the war when the industry quite enjoyed a boom. And it was understood by the people interested in the industry only as a war measure and no serious objection was taken against it. On account of the depression in the tea market, some gardens are already closed, and many of them are on the point of being closed down. Tea is one of the staple industries of India. The commodity is one of the chief items of export and helps the exchange system favourably to the Indian people. The industry apart from giving employment to a large number of the population, indirectly pays to Government large sums of money in the shape of import duties on costly machineries, land revenue, income-tax, etc. By its coaching traffic it contributes a good deal to the upkeep of several railways on the frontier which cannot but be regarded as strategic. For these reasons especially it is quite in the fitness of things that item No. 5 relating to tea in the Third Schedule to the Indian Tariff Act, 1894, be omitted. It should be noted at the same time that the continuance of the export duty will mainly affect the coolie and the Indian proprietors of tea gardens. The coolie will be affected inasmuch as the garden owners are finding it difficult to spare labour for extra works which the coolies are anxious and interested to have, because, as I said yesterday in another connection, he can finish his daily task of work in the course of six hours. The Indian owners of gardens will suffer as most of them lack reserve funds, while the European owned estates may stand the shock to some extent as their concerns consist mainly of joint stock companies with substantial reserve funds. It should also be borne in mind, as I have already said, that as the tea industry pays the Government in the shape of land revenue, the Government should not expect a contribution in the shape of export duty.

With these few remarks, I beg to support the motion of Sir Frank Carter.

Mr. Zahir-ud-Din Ahmed: I am in favour of this motion. Export duty on tea means tax on coolies' wages pure and simple. I know Government wants money. That is no reason that it should tax an industry which is passing through such a bad time. Government needs money. So do I. That is no reason why I should pick the pocket of the first man I come across. In my opinion this is the time when the export duty on tea should be removed.

Mr. C. A. Innes: Sir, the position of Government in regard to Sir Frank Carter's proposal is that they are prepared to leave the decision in this matter entirely to the House. I will endeavour merely to state the facts as Government see them, and then we shall leave the House to decide. As a matter of fact, I have very little quarrel with Sir Frank Carter's account of the tea industry and of its present condition. The only suggestion I have to make is that it is very doubtful whether the export duty on tea has led to the increase in exports from Java to Australia. I think it is pretty nearly certain that the increase in exports from Java to Australia is due to the fact that the United Kingdom gives a preference of 2*d.* per lb to the Empire teas.

Therefore Indian tea has a preference of 2*d.* per pound against Java tea and Java tea has now sought new outlets in Australia where the same disability does not exist, since, India at present does not get the benefit of the Empire tariff in Australia. Now, Sir, there is no getting away from the fact that the tea industry at the present time is in a very bad way. But it should be clearly understood, I think, that this export duty on tea has had nothing to do with the present condition of the industry. It is not the cause of the present depression. The cause of the present depression is known to everybody. In the first place, the high exchange in the latter half of the last year was a bad blow to the tea industry, which received the blow with double effect. For many years past too, production among the tea gardens has been increasing. The area has increased and the production has increased. The average production per mature acre has risen from 392 pounds in 1898 to 609 pounds in 1918. On the other hand, with the collapse of the Russian market the outlet for tea had diminished. Now the tea industry did not realise what its position was going to be at the end of the war. During the war, there was an enormous demand for tea for army purposes, and it was not realised either by Government or by the tea industry or by anybody else that as soon as the

war ended the outlets for consumption of tea outside India would decrease. The main cause of that is the fact that Russia which used to take 50 million pounds of Indian tea is now out of the market. Secondly, the tea estates went on producing tea and went on shipping tea home to England, with the result that in November last no less than 220 million pounds of tea were in stock in the United Kingdom against a normal stock of about 100 million pounds. The result of this is of course that there has been a disastrous slump in prices. The slump has made itself felt most in respect of common teas and low grade teas. High grade teas still fetch high prices, but the low grade teas, which constitute the bulk of the teas produced, are doubtless selling at very low prices, and I think it is quite correct to say that the prices obtaining for these low grade teas are less than the cost of producing, that is to say, the planters are losing on every pound of tea. But, Sir, the export duty has had nothing to do with this. The sole causes are the increased production and the loss of markets. Production has outrun consumption. But I do not admit that we actually put on this duty as a war duty. The Indian Tea Association pressed that we should give, that Sir William Meyer should give them an assurance that the duty should be put on specifically for the period of the war. But Sir William Meyer, being a very cautious gentleman, declined to give any pledge to that effect, and we cannot be accused of a breach of faith if we do keep on this tea duty. The sole justification, for taking off the tea duty now, is that the industry for the moment is in a depressed condition and this tea duty, though it has not been the cause of the depression, undoubtedly is contributing to the depression now and that is the reason why the duty should be taken off. All these facts have been placed before the Government of India, but there is another big industry which is also in a state of depression, namely, the hides and skins industry. We are going to have later on a proposal to take off the export duty on hides and skins. Now, if we take off these two export duties, we lose revenue next year to the amount of a crore and a half; we are budgetting for a crore and a half of revenue from these two industries, and so, when we had to come before this Assembly with a deficit of 18 crores, the Government of India decided that they would not of their own motion take off these two duties and add to the deficit, because we should then have come before you with a deficit of 19½ crores instead of 18 crores. That is the position. I have tried to explain it as fairly as I can. We admit that the tea industry is in a bad way at present. We admit that this export duty on tea is adding to the loss which is already being experienced by the tea planters in respect of low grade or common teas. But what this House has got to realise is that, if we take off this export duty, it is going to cost us 50 lakhs of rupees, and it is for the House to decide whether they will take off this export duty and find us 50 lakhs from some other source.

I have tried to explain the matter as fairly as I can.

Mr. A. D. Pickford: Sir, I have to admit, speaking generally, that Mr. Innes has put the case very fairly before the House. I only want to comment on one or two points.

As regards the question of the exports from Java to Australia, I cannot quite understand, I must say, the theory that this is due to the two pence Imperial preference which Indian tea exported to the United Kingdom enjoys. I could understand it, if there were a market in the United Kingdom and if, therefore, the Indian tea industry were sending its tea to the United Kingdom in preference to sending the tea to Australia. That is not the case at all. If we were able to avoid it, we would not send a pound of tea to England at the moment because we cannot sell what is there. I think it is a mere presumption to say that, because there is this two pence Imperial preference in the United Kingdom, and because the exports from Java to Australia have gone up, that, therefore, the two things are connected. As a matter of fact, it is true to say that Indian tea has endeavoured to compete with Java tea in Australia and it has not, in point of fact, succeeded.

Then, the tea industry will admit at once that it would be absurd to say that its present condition is due to the export duty; but I venture to think that it is more than a mere contributory cause of the present depression. At the time when this export duty was put on and when the tea industry was prosperous, we were warned by tea brokers and tea shippers that this export tax put us at a definite disadvantage in the appearance and attractiveness of our export invoices as contrasted with other countries. So that, at all events, while it is impossible to prove that the export tax at that time did injure the tea industry to any very special extent except in so far as export taxes always do, it is fair to tell the House that, in the opinion of the experts, it was a definite disadvantage to this great Indian industry as compared with other countries like China, Japan, Java and other places which are now producing tea.

With regard to the increase in production, that is undoubtedly one of the contributory causes, and, lest anybody should think that this was a mere rushing out of extra cultivation in order to take advantage of high prices for tea, I should like to explain for the information of members of the House that that extra production per acre is due to intensive cultivation which has been made possible by the work of the Research Department of the Indian tea industry, and to suggest to the members of the House that it is an extra-ordinarily hard thing that the enterprise of the tea industry in this particular matter—an enterprise in which, as my Honourable friend Mr. Barua has explained to you, Indians are most especially interested—it is, as I said, a very hard thing that we should suffer from the results of enterprise which, under ordinary circumstances, would have brought a substantial and very justifiable reward to the industry. I feel sure that the House will consider that it is a

legitimate thing to remove this tax. And with regard to what Mr. Innes has said as to the loss of revenue, it must be remembered that the Budget position has been improved to the extent of one crore by the transfer of one crore from Revenue expenditure to Capital expenditure under the head of Posts and Telegraphs. I notice Mr. Joshi smiling. I am not at the moment referring to the increase which we have this afternoon put on the postage on letters. I commend this subject to the sympathetic consideration of the House.

Mr. T. V. Seshagiri Ayyar : Sir, having regard to the attitude taken up by the Government, I think it is desirable that I should warn the House against the impression which will be created throughout the country if this motion is accepted. At a time of financial stringency we are asked to remove a tax which has been in force for a number of years. Sir, the figures given us in the explanatory memorandum are these : In the year 1917-18 tea brought to the Government Rs. 43,83,261 ; in 1918-19, Rs. 43,85,778, the next year Rs. 54,50,724 ; the year after Rs. 41 lakhs odd, and in the coming year the Government is budgetting for about 50 lakhs. At a time when the country is asked to undergo a fresh duty upon matches and umbrellas, we are asked to remove a tax which has been bringing to the Exchequer something like 50 lakhs. If we allow this thing to be done, what will be said outside is this—Because in this House there are powerful exponents of a particular industry they have been able to carry the House with them and that they have ignored the wishes of the people and have not consulted their interests. I think, Sir, it would be disastrous if such a feeling should prevail, and I hope that in the interests of justice this motion will not be pressed to a division.

Sir, as has been pointed out by Mr. Innes, if this tax is to be taken away, we might very well be asked that the tax on hides, which is likely to bring in one crore, be removed. Mr. Rangachariar might come forward with a motion that land revenue is very high and agriculture has suffered a great deal, and that land revenue should be reduced. Having regard to the fact that we are dealing with a period when we cannot afford to lose anything we have already got, it would be a very bad precedent that we should be asked to give up 50 lakhs because the tea industry wants it. As was pointed out by Mr. Innes, the present position of the tea industry is in no way due to the tax that is levied. It is due to other causes, and, in these circumstances, there is absolutely no reason why we should be asked to take off that tax.

Munshi Mahadeo Prasad : Sir, at a time when we have passed the Indian Tea Cess Act, the application of which is asked not to be brought into force, at a time, Sir, when we are arithmetically calculating every pice of the budget figures, I do not think this will be the proper time to relax the export duty on tea, especially, Sir, when it was due to the eagerness of the tea-planters that they brought more land under the cultivation of tea. Sir, tea is not a necessity of life, especially to Indians, as food-stuffs are, and I submit that at this juncture it will not be proper for this House to remit the export duty on tea. With these few remarks I beg to oppose the motion . . . .

Mr. N. M. Joshi : Sir, the tea industry seems to be a very privileged industry. We were told that its transactions are free from income-tax. Sir, everybody here perhaps knows also that it secures its labour by legislation which puts the labour at the most disadvantageous position. It makes the labourer practically a slave. It has been getting that labour in that way for a number of years, and it is still getting labour by special legislation. . . .

The Honourable the President : Order, order. If I allow the Honourable Member to open up that controversy, I shall have to allow other people to answer it. It is getting too late for any latitude of that kind.

Mr. N. M. Joshi : My only intention was to say that the tea industry is being given a privilege by Government, and therefore Government is fully at liberty to tax that industry for the sake of the revenue of the country, and if the industry does not pay its labour sufficiently to attract it by ordinary means, then certainly there is nothing wrong if the tea industry does not prosper in this country.

Mr. R. A. Spence : Mr. President, I am not interested in the tea industry as I come from Bombay. But with regard to what has fallen from Mr. Seshagiri Ayyar I think it is only fair to remind Honourable Members that, although if you take off this export duty, you have got to find the money there are other motions coming before the House which will have the effect if passed, of increasing the revenues of this country, perhaps in a fairer way to the people of this country, than by taxing one of the principal industries of the country.

Mr. Eardley Norton : Sir, the action and the attitude of the Government in its declaration of neutrality on this motion throws upon the private members the unpleasant onus of supporting the taxation which it is sought to omit. The Government thereby escapes adverse criticism and odium outside and inside this House. It shifts the burden from its own shoulders on to ours and forces us to face a responsibility which the Government ought itself to face and enforce.

Government ought in fairness to tell us whether if this motion is carried and they lose about 50 lakhs of rupees, they have any suggestion to make as to how and whence we

are to replace this prospective loss. We have to consider this aspect of the case and its influence upon the present discussion; and although we in this quarter are, I am sure, as sympathetic as any other member of this House elsewhere with regard to the unfortunate position in which the tea planters of India find themselves, still we have to produce the money for the budget which we have already passed; and if we proceed, as we have been proceeding to-day, making large remissions, first of 75 lakhs with regard to posts, and now, as contemplated, surrender another Rs. 50 lakhs, and next with Mr. Pickford waiting in reserve to make a further indent upon the charity of this House, it seems to me that the main source of revenue left to the Government will be a further increase in the income-tax.

That is a possibility which I contemplate with trepidation and horror. Therefore, I fear, we must shoulder the very unpleasant responsibility of voting against this and kindred motions. I think it is fair to ask Government whether if we lose this revenue what substitutes they can offer whence to replace the loss.

Mr. Harchandrai Vishindas: Sir, the only argument which has been advanced for removing this taxation on tea is that there is a slump in the industry, but I think that argument is not of any avail in respect of taxation on other articles. For instance, there is a slump in the piece-goods trade, but I do not think that piece-goods merchants are going to use that argument and ask Government to remove the taxation on piece-goods. I think, Sir, although Munshi Mahadev Pershad's remark created a laugh among the gentlemen who have spoken in favour of the amendment, he was quite right in saying that tea is a luxury, and that being the case, the fact that there is a slump in the tea industry should not stand in the way of raising a revenue from it.

Mr. B. Venkatapatiraju: Sir, I would appeal to Sir Frank Carter to save the Government from the awkward situation in which they have been placed on this Resolution. After all, what is the tax they have to pay? They are paying, I think, only Rs. 1-8-0 on 100 lbs. Well, have they escaped paying taxes in England? They cannot appeal to the British Government to save them and to allow this tea to be imported without payment of any tax. Perhaps, they have to pay there much more than the petty sum which is paid in India. They are growing and selling tea to the extent of Rs. 18 or 19 crores according to the 1918-1919 figures, and they have to pay here not less than Rs. 50 lakhs in the way of taxes. Then when they make 18 crores of rupees on tea, they have to pay Rs. 50 lakhs, but when they sell in England they have to pay double or three times or more by way of taxes. They cannot ask for any exemption there. I do not think the British Parliament would be so solicitous as to exclude any article from taxation. Can we reasonably ask for any exemption when taxation is imposed on various articles which will immediately affect the poor? I hope my Honourable friend will not press this Resolution when we are hard up for money. After all, only a few tea planters will be affected by this, and they are making about 18 crores, if not more, and they are not poor. They also can contribute along with others. On account of famine, and failure of harvest when thousands of people are suffering in India, I think they should help the poor people of India by contributing their quota of public expenditure. I would, therefore, appeal to Sir Frank Carter not to press this Resolution.

Lala Girdharilal Agarwala: Sir, I move, that the question be now put.

The Honourable Mr. W. M. Hailey: Mr. Eardley Norton has suggested that we should relieve the House from the odium which we have attempted to place on it by the statement (made by Mr. Innes) that Government would leave the decision to the House. I cannot accept the imputation that we have endeavoured to place the House in an invidious position by putting on it the burden of the decision. Is there any question now in which we do not put the choice to the House? There was a time when we commanded a majority, and we could control its decisions. In those circumstances Government was sometimes wont to stand aside and say, 'we would like non-official opinion to decide this case'. But we do not now command a majority in the House. Looking round the benches, I notice that even such few official members as we possess, seem to depart on their various lawful vocations in other directions. I cannot, therefore, accept the suggestion, Sir, that we have acted in any way unfairly in putting the position as Mr. Innes has placed it before the House. He has admitted the depression in the tea trade, and that is a fact beyond any question whatever. He has suggested that depression in itself is not due to our export duty; but has asked the House to decide whether the circumstances require that the export duty should be abandoned. He has stated to the House that if the export tax were removed, it would cost us Rs. 50 lakhs. He has placed all those factors before the House and he has asked for the decision of the House on the subject. Where is the unfairness of such a proceeding?

On the other hand, Mr. Eardley Norton has asked me a question which it is my duty to answer. He has asked me whether, should this tax and its source of revenue be removed, we have any proposal for replacing it. Sir, this and the following amendment, if carried, would cost us a sum which we estimate at Rs. 1½ crores. I think that some of my friends just now were sceptical as to the suggestion that it would bring us in so much. If we are wrong in that supposition, we shall subsequently regret it; but for the present that is the amount that we have placed in our budget. We can put forward no suggestion for replacing the sum thus lost unless we increase the Income-tax or unless we increase the

Customs duty, because I place out of court any suggestion such as a further charge on salt or an increase in the surtax freight. Those are the facts.

Rao Bahadur T. Rangachariar: May I ask, Sir, if Ceylon has removed the export duty on tea which it imposed along with India?

The Honourable Mr. W. M. Hailey: It has not yet been removed.

Sir Frank Carter rose to speak.

The Honourable the President: The Honourable Member has already spoken.

Sir Frank Carter: I moved the amendment, Sir.

The Honourable the President: I do not find anything in the Standing Orders which gives the Mover of an amendment the right to reply.

The question is:

'That to clause 2, the following new sub-clause be added, namely:

'(3) With effect from the 1st day of April, 1921, in the Third Schedule to the Indian Tariff Act, 1894, item No. 5, relating to Tea be omitted'.'

The motion was negatived.

Mr. A. D. Pickford: Sir, I may say that in view of what has just occurred I rise with some trepidation to propose the next amendment. It is:

'That to clause 2, the following new sub-clause be added:

'(3) With effect from the 1st day of April, 1921, in the Third Schedule to the Indian Tariff Act, 1894, the third entry relating to 'Raw Hides and Skins' shall be omitted and entries 4 and 5 shall be re-numbered 3 and 4, respectively.'

I might have been tempted, Sir, in view of the opinion of the House as expressed on the amendment which was moved by Sir Frank Carter, not to have pressed this suggestion upon the House. But, as a matter of fact, the case on its merits has all the strength, admitted strength may I say, of the case that was put for tea; but it has additional merits of its own. I am taking it for granted that the House generally do admit the merits of the tea case. I mention the tea case because it is largely bound up with this. One member, it is true, ventured to suggest that while the tea industry was not as rich as it used to be,—it was not poor—I do not think he would have pressed that argument. I see the eye of the Honourable the President on me, and I will herefore get straight to the subject of this particular amendment.

As I have said, the arguments in support of the abolition of the export tax on tea apply equally, and as strongly, to the removal of the export tax on Hides. But there is a very strong additional reason, namely, that the hide tax was imposed with the support of the leather industry in India for a definite purpose, entirely unconnected with any addition to revenue—and I am quite sure that when the Government member gets up he will admit this—that it was put on for a certain definite purpose entirely unconnected with revenue. I repeat that because it is the point of chief importance in the case which I am placing before the House. The special purpose was to protect Indian tanneries established during the war, and, incidentally, to ensure that such Indian hides and skins as the Tanneries in India could not deal with should be tanned, as far as possible, within the Empire, a purpose, you will observe, entirely unconnected with revenue. The first object was intended to be secured by the export tax, and the second object by the rebate of 10 per cent. on hides and skins tanned in countries within the Empire.

Since the tax was admittedly not a revenue tax, there should be only one consideration in the minds of members of this House. Has it, or has it not achieved the object in view? There can be but one answer—it has not. Then I do contend very strongly that the House is not justified in retaining now for revenue purposes a tax which was imposed for quite other reasons. As I have said, the only consideration that should weigh with the members of this House is—has the tax fulfilled the purpose for which it was imposed or has it not? There can only be one answer. With the exception of one or two individuals whom I am compelled to call misguided, the views of all connected with this article of manufacture and export are agreed on that point.

It is not suggested, any more than in the case of the tea industry, that the condition of the industry has been brought about by this duty, but it is an important contributory cause and may easily turn—indeed in many cases it has turned—embarrassment into definite failure.

Now a word or two about the hide industry. I do not propose to go into any great detail although the figures that can be adduced in support of this amendment are very eloquent. I am not, I say, going in great detail into the condition of the industry, but I wish, however, to point out that the Indian hide industry has to compete with a very large number of other countries of which only one—the Argentine—has had an export duty, now either removed or about to be removed, and the Indian exporter is in consequence at a notable disadvantage in the field of competition. This is greatly aggravated by the fact that the inferior grades—on which, for reasons I shall mention in a moment, the tax bears especially heavy—are not greatly wanted by British tanners, and the rebate is therefore of no assistance to the trade in those qualities.

The reason why the duty has borne with extra weight on the inferior grades is this. The tax is calculated, as I have no doubt many of you know, on prices fixed periodically for the purpose of calculating the amount of duty payable. That is common to many other articles of export. The tariff rate stood so far above actual market prices that instead of paying 15 per cent. duty, the lower grades were paying anything from 30 to 50 per cent. and low grade goat skins in some cases as much as 150 per cent. It must be remembered that the bulk of Indian hides are of the lower grades, and that is why I lay special emphasis on this point. The position is especially injurious, it is noted, to the Indian cattle owner, whose interests this House will be especially expected—as I am sure they will admit,—to protect.

I will now recapitulate. The tax was admittedly not a revenue tax. The purposes for which it was imposed have not been achieved. All, or practically all, engaged in the hides and skins industry and exports desire its abolition. The tax has assisted in the ruin of many already and it will assist in ruining more. The tax injures the Indian cattle owner. Surely that is a long condemnatory list of this peculiarly unsound tax?

On the general question of export taxes we have heard Mr. Innes and we have heard others. I do not know whether the non-commercial members of this House realise what a fatal policy it is for any country to begin to raise its money by this hopelessly economically unsound device—I can call it nothing else —of imposing taxes on exports. They may produce a certain amount of money for a certain time; it is perfectly certain they will, at the same time, produce a condition of things unfavourable to the trade of the country. We know what the special economic problem of India at present is. It is to get the balance of trade right in order that the position of exchange and therefore the position of India may be improved. Are we, under these conditions, to retain a tax which everybody, I believe, will admit is economically unsound, which this House is not justified in retaining for purposes for which it was never imposed, which has not fulfilled the purposes for which it was imposed and which those concerned in the industry itself are anxious should be removed. I submit, Sir, that the case for abolition is overwhelming and I feel sure that the arguments I have adduced will commend themselves as strongly to the members of this House as they have to those immediately connected with the hide business. I therefore ask that this amendment be accepted by the House.

Sir Logie Watson: Sir, I am extremely sorry and disappointed that my Honourable friend Mr. Pickford should have brought this amendment forward. I have listened to a very eloquent speech, but it is one that has impressed me very little.

I feel that the Honourable Member has not given much thought to this matter and has dealt with it as if it had merely been passed on to him by a friend, and not as if he were intimately acquainted with the subject himself. It is over 25 years ago, Sir, since I urged upon Government the introduction of an export tax on hides and skins. I repeated my representations year after year. In those days, Sir, Government was not so well run as it is to-day, and I was not listened to. During the war, however, there were certain changes made and a Munitions Board was started. And I am glad to say that my friend the Honourable Sir Thomas Holland saw the object of what I had been urging for years. Sir, if this tax which is now obtaining had been introduced at the time I recommended it, we should not have had a deficit to face to-day, because, if the revenue from the tax had been put into a sinking fund, it would have amounted in my opinion to over 4 millions sterling per annum, and we should have been paying our taxes from the interest. Now, Sir, the object of introducing this tax was to encourage and develop the tanning industry in India. It is true that it has not accomplished this; but this is due greatly to the world's slump in hides and leather. Another point, Sir, that influenced me all along in this matter is this. England is the only free market for tanned leather. We are debarred from sending an ounce of leather even to our own Colonies, to America, Germany, France and Italy, in consequence of their extremely heavy import duties. They do not want our manufactured articles. What they want from us is our raw material. Sir, at one time America was taking from us about one million goat skins per month. They were going into the country free. She manufactured these into chrome leather and sent them back to India again in a tanned state and frequently in the form of boots. She swamped the English markets with boots and ruined the home manufactures. That was the kind of thing we had to face, and why should we seek to drop a duty that was brought into operation in order to get us a little of our own back. The Honourable Mr. Pickford asks me, did it do it? No, Sir. It has not done it. It would have done a great deal to help us if conditions had been normal, and it will accomplish a great deal more if Government will take into consideration what I urged upon them many years ago, namely, to make the duty into Germany, France, Italy and other countries commensurate with the duty which they impose upon our manufactured articles. When that is done, India will be in a position to supply the world with tanned leather. Sir, Mr. Pickford has pointed out that in putting this duty on our raw hides, we have to compete with other countries. Sir, having been in the leather trade for only 32 years, I do not know what other countries he refers to. I should like to know if he will be good enough to tell me. I do not know of any country, Sir, producing buffaloes in the numbers in which they are produced in India. We find a few stray ones in Egypt and occasionally around Constantinople and Smyrna. But I have never seen them in numbers in any other part of the world, and I say, therefore, that India has a monopoly of buffaloes, and as a monopoly we ought to protect it to our own

advantage. I am not aware, Sir, that any other country in the world produces cow hides of the qualities and kinds that India produces. But I am subject to correction. Sir, I am intimately acquainted with China hides. China does not produce the same class of cow hides as India does.

The China cow hide is as heavy, generally speaking, as our average buffalo hide. China hides are used for the soles of boots. Indian cow hides are used for the uppers of boots. That is the difference, Mr. Price, between an average China hide and an average Indian cow hide. I do not think it is necessary for me to say any more except this much, that 90 per cent. of our raw goat skins went to America during pre-war days, while our tanned leather was prevented from going into the country. Over 90 per cent. of our cow hides went to Germany for distribution on the Continent. A very small percentage went to England. There were two reasons for this. England had no outlet for tanned leather for the same reasons that we have been suffering from, and in the second place, she had no use for our low grade hides. These went to Germany which turned many of them into boots for our enemies during the war, and frequently in pre-war days returned after tanning a large percentage of them to London at twice the price she paid for them in India. It was to put a stop to this kind of thing if possible, that Government agreed to introduce this tax on the export of hides, and I am quite sure that the feeling of the members at this meeting is that it shall remain on.

Mr. E. L. Price : I have listened with great interest to Sir Logie Watson's speech. I think it is admirable. I agree, with almost every word he says, but the unfortunate thing is that he has not addressed himself to this particular export duty at all. He has addressed himself to an entirely different question, a question on which, in the aspect he puts it, I should be rather inclined to agree with him. But I in supporting Mr. Pickford am not opposing Sir Logie Watson in his main contentions. What I am opposing is a very different thing, the Preferential Hide Export Bill of September 1919, which I put to Sir Thomas Holland, has failed miserably in operation owing to certain integral features of that Bill, which Sir Logie Watson has not even referred to.

I am not discussing with Sir Logie Watson or this House any general question; I am rather pointing out the defects of this particular Bill. First of all, I may say that this preference is not palatable to Great Britain,—I will explain that in a moment,—and as to the competition with China hides,—well, of course, when two of a trade cannot agree it is very difficult,—but I assure Sir **Logie Watson** that I have handled Kasur-Mandi hides, a place which produces some of the heaviest hides in the Punjab, hides of much the same quality as the China hides, hides that will turn out an average of 30 lbs. per piece. There is an element of competition between India and other countries to secure a vent for our output. Now, Sir, as I am intimately connected with this business, and I really know the article—I do not know tanning, but I can really handle the raw article itself and I was on a sub-committee of the Karachi Chamber of Commerce last July when a number of questions were put before us, matters referred by other Chambers and so on. We went into the thing with some care, and I should like to give the House a gist of the report that we put up to the Chamber, which the Chamber examined and accepted and forwarded to the Government of India. It is dated 6th July 1920. First of all, this report examined the reasons put forward by the Honourable Member in the Imperial Legislative Council in 1919 in explaining the object of the Bill and so forth, and it said that the object of the Bill was to protect the Indian tanneries started during the war and for such hides and skins as they do not require to be tanned as far as possible within the Empire. Sir Logie Watson has built up a magnificent Indian business in Cawnpore. All credit and honour to him. He did it without any preferential duty. He built up his business as he told us himself 25 years before he could persuade a member of Government to take up the question for him, and the point was that when this Bill was started it was to protect the Indian tanneries started during the war, not Sir Logie Watson at all. There is a laconic remark here that the Indian tanneries do not seem to have benefited as expected! As a matter of fact what happened was this. Sir, under the influence of this supposed protection the tanneries all went ahead and slightly over-produced and I am afraid the quality fell off. I am not of course referring to the Cawnpore tannery. As a consequence they were hit very badly in a falling market with inferior goods.

To continue:

'A preference of 10 per cent. so far from helping Empire trade has proved a hindrance. The British trade is largely entrepôt. The merchants concerned buy freely Plate, China African and other sorts and can resell and reship them freely to the best buying markets and only in the case of Indian sorts are they under customs liability. This causes them to give an actual preference to free, that is, to Non-Indian sorts, so far therefore from the so-called Preference having helped Empire trade, it stands in the way.'

Now, Sir, I must diverge from the Karachi Chamber Report on this point to tell the House what happened. Government in the case of goods being shipped to a port within the Empire collected a 5 per cent. duty and took a bond for 10 per cent. That 10 per cent. bond is supposed to be liquidated within six months in either one of two ways. It can either be liquidated by cash payment for its face amount or it can be liquidated and cancelled by the production of a certificate in due form when the goods are tanned within the Empire. Now what happened was this, Sir. In respect of the goods shipped from India since September 1920, the Government of India found the trade in a great mess. I may tell the House that I am not involved because I find, I particularly looked it up, that all I owe is only Rs. 300. But I do not know how much is the amount which the whole trade owes to Government on those

bonds, but it is very certain that Government cannot be paid, and Government has in fact extended the time for payment from six months to two years. Does that seem a very useful sort of way of conducting your business ?You make an arrangement that turns out so impossible that you finally have to extend the time for two years! To go back to the report of the Karachi Chamber :

'The duty has fallen upon the producer, that is the cultivator and the herdsman, and the confusion caused by the export duty has probably cost them far more than the Customs have collected. The Honourable Member also laid great stress on the world demand for Indian hides and skins. These observations were of course based on pre-war conditions and we have to put forward the following points.'

Now Calcutta is some thousands of miles away from Karachi. We handle an entirely different sort of hides and skins, but there are many points of resemblance in our experiences. These facts are not produced in collaboration at all :

'The world demand is only for the highest grades, which in India form a small proportion of the whole. The lower grades are and always have been difficult to sell. The demand for Indian hides and skins is affected by several changes resulting from the war, namely the use of substitutes for leather, the diminished purchasing power not only of enemy but of allied countries as shown by their exchanges and the unwillingness of the English tanners to handle the average hide and skin. The English tanners consider only the highest grades of Indian sorts are worth the present high cost of labour'

The Honourable Member in introducing the Bill also observed :

'It is common knowledge that before the Indian hides trade was monopolised by the Germans'

That was true only of Calcutta; it was utterly untrue of the Karachi trade, and it is impossible that the Germans should recover their monopoly at Calcutta as they have lost their shipping. The Germans had no monopoly of the skins trade anywhere.

The Chamber Report goes on to say :

'We have already mentioned in certain paragraphs the difficulty there is in marketing the lower grades. Yet under the system adopted these goods have to pay the same export duty as the higher grades, thus adding to the natural difficulties of the case.

The collection of duty is a cumbersome affair involving much extra clerical labour, and is a genuine obstacle to business when prompt and immediate shipment is required, the bonds required for shipment to British ports are even more troublesome.

The idea of the duty as per (1) is to protect Indian industry. Great labour is expended on the fleshing, stretching and preparation of 'framed' hides. The essential difference between an ordinary and a framed hide lies in this labour. The higher export duty on the 'framed' is therefore a tax on the labour expended. It is in fact a higher tax on a partly manufactured article. But if an export duty is leviable, we admit a higher schedule value for framed hides is unavoidable.

India has no monopoly in the supply of goat and sheep skins. Under the duty it is an undoubted fact that she is finding the greatest difficulty to market her surplus production.

The bazar price for hides and skins necessarily has to cover the cost of their collection and transport. At the present prices ruling for the lower grades of hides and skins, there is no incentive for the country folk to collect and market these. The result is a distinct economic loss.

If the object of the export duty is to support Indian tanneries, it can only be by reducing to them the cost of their raw material.'

And there that Report seems to stop, though to the best of my recollection the original had :

'It would only be reducing to them the cost of their raw mate rial at the expense of the producer.'

All that, of course, has been substantially admitted already, Sir, by Mr. Innes. So I do ask the House to remember that this amendment is not against any form of protection. The House is undoubtedly protectionist, I think. It amazed me, therefore, that they willingly taxed an Indian industry just now like the tea industry. It will amaze me more, therefore, if they want to go on and tax an Indian industry like this. But I want to appeal to another point, Sir, that I mentioned in my speech on the 8th of this month, that I do not think anybody quite took up. When Government interfere in this extraordinary way with an established business, they in fact attack a business that was the monopoly of the Muhammadans as far as the Punjab and Sind are concerned. I know many of these men, in the trade for many years, and the Muhammadans of the Punjab and Sind are not great adepts at business. This was one business that the Hindus left wholly to them, as you will understand. The interference with that trade has come very hard indeed on these men, and, I understand, that there are some other points more intimately connected with the drawback to these people that Mr. Chaudhuri Shahab-ud-Din wishes to explain as he knows them better than I do. I may say also that, as far as I remember, there are four European firms in Karachi connected with this trade and all the firms in Amritsar, Lahore, Multan, Sukkur, Hyderabad and in Karachi are of course Muhammadan Indian firms.

This is not a European question or anything of the sort. This is, if anything—if it is confined to any particular section of the community,—it is really a Muhammadan question, for it is undoubtedly their trade in my part of the country.

Mr. C. A. Innes: Sir, the hour is late and I do not propose to detain the House very long. My position is very much the same as it was in respect of the export duty on tea. I should, in the first place, like to remind the House that when we introduced this export duty on hides and skins last year we did it with the trade behind us—in fact, at the instance of the trade . . .

Mr. E. L. Price: What trade, Sir?

Mr. C. A. Innes: The Hides and Skins Shippers Association, as the Association was then constituted, was in favour of an export duty on hides. The Southern India Skin and Hide Merchants Association was strongly in favour of an export duty of 20 per cent. *ad valorem*, and we had the Bengal Chamber of Commerce behind us. When we introduced the Bill into the Indian Legislative Council, it was welcomed on all sides. I am free to admit, Sir, that when we introduced that Bill, we were probably a little too optimistic, but everybody else was too optimistic. We all thought that the War would be followed by a trade boom which would last at least for five years. We thought there would be a tremendous demand and great competition for our raw materials. We thought we should be able to dictate the terms on which that raw material should leave the country, and we put on this export duty, as Mr. Pickford said, not as a revenue producing measure, but partly for the purpose of fostering the tanning industry in this country and partly for keeping a key industry within the Empire. Now, Sir, whatever the merits or the demerits of export taxes may be, they at any rate have this disadvantage. If when you have an export duty upon a trade or an industry that industry drifts into a period of depression and stagnation, then Government is at once attacked for having put on an export duty. The export duty is accused of being the cause of all the troubles under which the trade is labouring. Now, Sir, in this particular case, as Mr. Pickford admitted, nobody is able to say or indeed has said that our export duty is the cause of the stagnation of the hides and skin trade. Everybody knows what that cause is. Owing to the collapse of the foreign exchanges, owing to the fact that Germany and Austria cannot buy, there is practically no outlet for our hides and skins. The tanning trade throughout the world is depressed. It is depressed in the United Kingdom, it is depressed in Europe, it is depressed in India. The result is there is no demand for our hides and skins, and that is the main reason why this industry is in a state of depression. But, Sir, it is just here that the danger of the export duty comes in. We have this depressed trade. Later on we may hope—probably towards the end of this year—that trade will begin to revive, and the point, the real point and substance which has been put to us by those interested in the hide trade in India, is that when trade begins to revive, it is just then that your export duty of 15 per cent. may do us harm. That is the main point which has been put before us. Well, we have considered this question. The position is precisely the same as it is in respect of the tea industry. We have got this export tax. We estimate that during the coming year it will bring in one crore of rupees. The trade has asked, and asked with a certain amount of reason, that the tax should be taken off. Well, if that tax is taken off, it means that we shall lose a crore which we have to make good in some other way. It is for the House to consider that if we take off this duty and give up that crore, we have got to find that crore somewhere else, and that is the position which I wish to place before the House.

Rao Bahadur T. Rangachariar: Sir, I propose that the question be now put.

Chaudhuri Shahab-ud-Din: Sir, the question is an important one. It is rather too late now and I mean to address the House for about half an hour.

It is an important question, and touches the Muslim commercial community throughout India. I have received complaints and representations. Therefore, I would request the Chair to give me time to-morrow, unless, of course, the House is prepared to sit now. I shall try to be brief. . . .

The Honourable the President: I may say for the Honourable Member's information that I did not accept the motion for closure moved on my left, because he had been specifically mentioned by name by the Honourable Member from Karachi. It is a well-known Parliamentary practice that, when a member has been particularly mentioned by name by a previous speaker and that member rises to speak, he is called by the Chair. He has a kind of prescriptive—not an absolute—right owing to the mention of his name in debate. Otherwise I should have accepted the closure.

Chaudhuri Shahab-ud-Din: Sir, it was on the 11th September 1919 that the export duty of 15 per cent. was imposed on hides and skins. The reason which was then assigned by the Government, and I believe the reason which is yet maintained, is that tanning in India is to be encouraged, that the tanning industry has to be improved; we are told that it is in our interests that this export duty was imposed and that it is in our interests that it has been continued. Let us see what are the facts, and whether the purpose which was in view of the Government has been achieved or whether it has failed. In reply to a question which was answered by the Government on the 1st of this month, Government stated as follows. I shall only read the relevant portions. The question was No. 340—'What quantity of raw and tanned hides and skins were exported in the 12 months preceding the 11th September 1919, when an export duty of 15 per cent. was imposed on raw skins and hides, and what quantity has been exported since then?' The reply was 'that during the 12 months preceding the imposition of export duty 32,960 tons of raw and 29,577 tons of tanned hides and 33,006 tons of raw and 5,033 tons of tanned skins were exported.' As against these figures let me quote the figures of exports during the year 1920. From January 1920 to the end of December 1920, the figures are:—Raw hides—24,952 tons, tanned hides 7,178 tons; raw skins 16,186 tons and tanned skins 3,135 tons. A comparison of these figures clearly shows that the export of raw hides and skins has gone down considerably; and that the export of tanned

hides and skins, as compared with the figures for the 12 months preceding the imposition of the export duty, is ridiculously small as against 30,000 tons before we had only 7,000 tons of hides and as against 5,033 tons we had only 3,135 tons last year. These figures speak for themselves. Do they show that the tanning industry in India has received a stimulus by the imposition of this taxation, or that, on the other hand, it has received a set back? Sir, this much on facts. There are some other considerations, very weighty and important considerations bearing on the point. I would like to refer the House to the book called the Handbook of Commercial Information for India by C. W. E. Cotton, 1919 edition. A reference to this book will show that in 1917 when skins and hides were not needed on the Continent, an embargo was placed on the trade of Indian skins and hides. Those who deal in skins and hides not only suspect but believe and say, they have said so in newspapers, that they have been treated harshly. I have got cuttings from some newspapers to this effect, but as I did not expect this matter to come up to-day, I have not brought them with me. They say that as the market was over-flooded in Europe, the Indian interests were ignored and this customs duty of 15 per cent. was imposed upon the export of hides and skins. That is what they say. Of course, I do not do business in hides and skins. Therefore I cannot vouch for the accuracy or inaccuracy of this assertion, but the assertion is there. Now, this Handbook on page 207 says:—'Gradually, however, the capacity of the English tanners has been extended to deal with the increased supplies of raw hides from India.' On the one hand tanneries have been opened in England and their capacity has been extended. It has been increased,—for what purpose? For the purpose of tanning *Indian* hides and skins or the hides and skins of other countries. On the other hand, we are told that tanning in India is to be developed and that this taxation has been imposed accordingly. Sir, this duty, as was very rightly pointed out by Mr. Pickford, has ruined many a Moslem trader in India. Trade in hides and skins is perhaps the only trade in the hands of the Mussulmans of India, and it has received a rude shock and a severe blow by this taxation. Sir, it is said that when Indian skins were exported to the United States of America, they were sent back as chrome leather, very well tanned and fit for uppers of gentlemen's boots. It was intended that this should be stopped, and that India should tan her own skins for her own use. Does not the same argument apply to cotton? Why is it that cotton is not subjected to any export duty? Is not cotton wanted in India? Is it not a fact that the very cotton which is exported from this country in enormous quantities, is returned to this country in the shape of fine manufactured goods? Does not the same argument apply in the case of hides and skins? Sir, I may tell the Assembly that all people, especially the Mussulmans, are suspicious, and I for one would say that they are fully justified in their suspicions.

The Honourable members of the Assembly, I hope, will agree with me that the climate of India is not so suitable for tanning as the cool climate of England, America or Germany. Tanned hides of India can never compete with the tanned hides and skins of the Continent or the United States of America. Therefore, however good the intentions of the Government may be in imposing an export duty with the object of developing and promoting the tanning industry of India, it is yet a question, whether Indian tanneries will ever be able to hold their own against the English, Continental and other foreign tanneries. Therefore, the argument advanced by Government has no force. Sir, one very important result of this taxation is that the price of hides and skins has fallen. With the fall in the price of hides and skins, the price of mutton and beef has gone up. Where we used to buy mutton at 4 or 6 annas a seer at Lahore, now we can get good mutton at Re. 1 a seer. If the skin *plus* mutton is worth Rs. 5, and if the skin sells for Re. 1 only, the seller must try to get Rs. 4 out of the mutton. But if, on the other hand, the price of the skin were Rs. 4, the price of mutton would naturally be Re. 1. . . . .

The Honourable the President: Order, order. I do not think we are considering anything but the outside of these animals.

Chaudhuri Shahab-ud-Din: *It is, Sir, a notorious fact and within my personal experience, that when the price of skins was high the price of mutton was low, and vice versa.* There can be no two opinions on this point.

Then, Sir, those who are very anxious in this House to reduce cow-killing in India, must remember that if the price of mutton goes up every day, those who eat meat must perforce resort to beef. Those who want to protect cows from being killed, must help the noble cause. It has been already alluded to by one of the speakers that had this duty not been imposed upon the export of hides and skins, their export value might have, to a certain extent, turned the balance of trade in favour of India and thus ameliorated the condition of exchange to some extent. These, Sir, are some of the considerations which I wished to place before this Honourable House.

I request the House to vote in favour of the abolition of this tax. When one community —one of the most important communities in India—is, as a body, suffering and many of its members have been ruined already and many others are on the brink of ruin, I think this House should take some notice of its grievance. They have sent memorials to Government, they have appealed to Government, they have requested their representatives in this Assembly to represent their case to Government, and it is in compliance with their wishes that I have said all I have said on this subject to-day. As I said at the outset this is a very important matter and I am very sorry that my Mussalman colleagues who were present in the morning, are not now present to give me their support. But I hope that my Indian as well

as my European colleagues will lend their support to Mr. Pickford's amendment and get this objectionable tax removed.

The Honourable the President: The question is:

'That to clause 2 the following new sub-clause be added:

'(3) With effect from the 1st day of April 1921, in the Third Schedule to the Indian Tariff Act, 1894, the third entry relating to 'Raw Hides and Skins' shall be omitted, and entries 4 and 5 shall be renumbered 3 and 4, respectively'.'

The motion was negatived.

The Honourable the President: The question is:

'That clause 2 as amended do stand part of the Bill.'

The motion was adopted.

The Assembly then adjourned till Saturday, the 19th March 1921.

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Saturday, the 19th March, 1921.

The Assembly met in the Assembly Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

THE BUDGET—THE INDIAN FINANCE BILL—*contd.*

FINAL STAGE—*contd.*

Mr. Eardley Norton: Before the business begins, may I be allowed to make a request to the Chair on which I understand that I have the unanimous support of the House or at least of a very large part of the House. We are quite aware, Sir, that we are behindhand with the Finance Bill, but for reasons of personal convenience, many of us feel that our presence here after two O'clock to-day would cause us very grave and, we think, unnecessary embarrassment. Many of us have not yet received our post, dealing with serious matters connected with our business. Some of us have had no breakfast. May I ask if the House will be prepared to adjourn to-day at 2 O'clock?

The Honourable the President: From the point of view of personal convenience, I am sure that every Member of this Assembly willingly accepts the suggestion made by Mr. Eardley Norton, but, before coming to any decision on the point, I think, I must hear what the Honourable Finance Member has to say. We must get ahead with business. I can only say in general terms, that if we lose two or three hours of business this afternoon, we may find that we have to pay seriously for it next week.

The Honourable Mr. W. M. Hailey: Sir, I should be very unwilling, indeed, to oppose any motion which is desired in the interests of the convenience of the House, but the facts are, that unless we get through our Bill to-day, it will not be possible to lay it before the other House on Monday. The next date possible is Thursday, and this would give the other House insufficient time to consider it and send it back to us with any amendments that they desire. The consequence might be that we should only have to involve ourselves in further delay at the end of the proceedings instead of at the present stage. I had hoped, Sir, that when I made an appeal to the House for expedition the other day, I carried the House with me: in fact I think I heard from the other benches signs of assent which appeared to me to show that the House was prepared to get through this urgent piece of business as speedily as possible.

Dr. Nand Lal: Sir, on a point of order. I very respectfully submit that I am in favour of it, even though we may sit up to 9 O'clock to-night, that we may see this work, before us now, finished to-day.

The Honourable the President: I think we may have some compromise between the hours of 2 and 9. As the Honourable the Finance Member has suggested, the hour of rising is, after all, entirely in the hands of Honourable Members themselves. A slight reduction in the periods of their eloquence will no doubt enable us to adjourn much earlier than we should otherwise do.

Dr. H. S. Gour: May I ask, Sir, a question relating to the procedure in this House? If a motion is carried by this House under a conceivable misapprehension, is it open to this House to recall that motion by having it re-discussed and a division taken? I specially mention this in connection with clause (*a*) of section 68, which says, that when a Bill is introduced, or on some future occasion, the Member in charge may make one of the following motions in regard to his Bill, namely, that it be taken into consideration by the Assembly. Now, as I read this clause, it may be that the whole House is in committee and the Finance Bill is under discussion by the whole House sitting in committee. If that be the correct view, I submit, that if this House decides any particular point and wishes that matter to be reconsidered, there is nothing in the rules, so far as I am aware, to prevent the House from doing so.

The Honourable the President: I may say, for the Honourable Member's information, that I have taken the matter into consideration. My consideration is not yet complete, but I hope to be able to say something further on it before the rising of the House this day.

PRECIOUS STONES.

Mr. Manmohandas Ramji: Sir, I beg to propose:

'That Item* No. 5 'Precious stones uncut and imported uncut' be omitted'.

* Schedule I of the Bill as introduced, page 2.

Sir, my object in moving this amendment is that this article can bear some duty, and it is undoubtedly an article of luxury. Therefore, I want it to be taxed at 20 per cent. *ad valorem.*

Mr. C. A. Innes : Sir, item No. 5 includes precious stones, unset and imported, uncut and pearls unset. I understand that Mr. Manmohandas Ramji's motion is that these items should be transferred to Part V of the Tariff Schedule and assessed as luxuries at 20 per cent. *ad valorem.* Well, Sir, on the face of it, this is a very reasonable proposal. But the amendment of a tariff is a very difficult, expert and technical matter, and there are all sorts of unseen pitfalls in it. Now, 'pearls unset' are a very good instance of this. When we amended the Tariff Act in 1916, we actually imposed an import duty on pearls unset. Now the trade in unset pearls is purely a transit trade. They come into India, they are polished here, and then they are re-exported. When we introduced them into the tariff in 1916, we were very doubtful whether we should be able to maintain our tax without destroying the trade. When goods are imported and then re-exported, they are entitled to a draw-back on re-export. But the House will realise that pearls are not identifiable and, therefore, on re-export, they cannot get this draw-back. In introducing the Bill in 1916, Sir William Meyer pointed out this difficulty. He said that the Government of India would watch the matter very carefully, and that if they found that the tax was hindering the transit trade, they would at once withdraw it. We had no sooner introduced the tax than we found it did destroy the trade altogether. We got nothing out of it in the way of revenue, because pearls ceased to come in. Consequently, no sooner had we imposed this import duty on pearls, than we had to take it off by notification under section 23 of the Sea Customs Act. Now, that is the reason why we have retained pearls unset on the free list, and I think the House will agree that it is a very good reason. We shall not get any revenue by transferring them to Part V and taxing them as a luxury, and we shall destroy the transit trade. That is what I have got to say, Sir, about pearls.

Now, as regards precious stones, unset, and imported uncut, that question was also considered very carefully in 1916, and we decided that we should not attempt to tax precious stones, unset and imported uncut, for two reasons. The first reason was the ease of evasion. These precious stones are very small things. They can be sent by post ; they can be brought in people's pockets ; and it is very doubtful whether we should get any revenue out of an import duty. But there was a second reason. We have in India a lapidary industry in Calcutta, Delhi, Jaipur, Surat, Bombay and other places. Rubies, emeralds and other precious stones come into India in an uncut and unset state in order to be cut and polished. Since we shall not get any revenue by putting an import duty on these precious stones when imported unset and uncut, we thought that we should not run the risk of destroying this little Indian industry. The only result might be that without gaining any revenue we should drive the trade out of the country.

Mr. Manmohandas Ramji: After this explanation, Sir, I beg to withdraw my motion.

The motion was, by leave of the Assembly, withdrawn.

(Then the President called upon Mr. B. Venkatapatiraju to move his motion.)

Lala Girdharilal Agarwala : I have got also a similar motion, Sir, motion No 28 . . .

The Honourable the President : Order, order. Mr. Venkatapatiraju.

Mr. B. Venkatapatiraju : Sir, my motion is :

'That Item* No. 5—Precious stones, etc., be transferred from Part I and inserted in item 80 in Part IV.'

Sir, I have not gone to the length suggested by Mr. Ramji that these things should be assessed at 20 per cent. *ad valorem.* My proposal is that instead of allowing them duty free, they should be assessed at 11 per cent. *ad valorem.* One of the objections raised by Mr. Innes is, that it is easy to smuggle these things into the country.

The Honourable the President : Order, order. The Honourable Member's amendment is substantially the same as that of Mr. Ramji. The House decided just now that precious stones shall remain on the free list. Therefore the issue cannot be raised again as between 20 per cent. and 11 per cent. The same remark applies, I think, to Mr. Agarwala's motion also (No. 28).†

Lala Girdharilal Agarwala : Sir, my motion No. 29 is an amendment in favour of having yarn free of duty. Now, the textile industry in this country is struggling and it requires to be helped.

Mr. C. A. Innes: May I rise to a point of order, Sir ? I should like to point out that yarn is already free of duty. Please see item No. 22, Part I of the Import Tariff.

The Honourable the President: Does that meet the Honourable Member's point ?

Lala Girdharilal Agarwala : I have not been able to follow my Honourable friend Mr. Innes.

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* Schedule I, page 2 of the Bill as introduced.

† No. 28. That item 5 be transferred from Part I to the end of Part V as Item 140.

UNIFORMS AND ACCOUTREMENTS.

Mr. B. Venkatapatiraju: Sir, I beg to move:

'That *Item No. 11—Uniforms and accoutrements appertaining thereto, imported by a public servant for his personal use—be transferred from Part I and inserted in Part III.'

Sir, my proposal is that persons who import uniforms, etc., should pay duty at 2½ per cent. I do not see why they should be allowed to import them free, without paying anything when they import for their personal use. It is for that reason that I suggest a duty of 2½ per cent. and I think this is a very reasonable proposal.

Mr. C. A. Innes: Sir, the only remark I have to make about this amendment is that it seems hardly worth making. We are amending the tariff as everybody knows because we have a very large deficit to meet. The effect of Mr. Venkatapatiraju's proposal would be that we might possibly get, if we did not injure the trade in the uniforms which come in ready made, about Rs. 5,000 or Rs. 6,000. But I suggest that it is hardly worth this House's while, when we are so pressed for time, to make this petty amendment.

The motion was negatived.

TEXTILE MACHINERY AND STORES.

Lala Girdharilal Agarwala: Sir, I move:

'That after †Item 18 the following new item be inserted:

'18-A. Textile machinery and stores.'

In the Statement of Objects and Reasons of the Finance Bill, in paragraph 2 (2), this is stated: 'The withdrawal of the concession allowed by the existing tariff under which machinery and stores imported for use in cotton mills are admitted free of import duty.' I submit, Sir, that the cotton industry in this country is struggling—(Laughter). I cannot understand why my Honourable friends are laughing when I say that we cannot compete with foreign goods even now, and it is necessary that our industry should be protected. We cannot extend our textile industry unless we get a large number of machines, spinning and weaving machines throughout the country, and we cannot any more go on with Mahatma Gandhi's *charkha*. I submit for these reasons that it is necessary that these articles should remain free of duty and should not be taxed. The result would be, if it be taxed, that we would not be able to import machinery for setting up weaving mills and we would suffer.

Mr. C. A. Innes: Sir, the concession by which textile machinery and stores have up to date been admitted free of duty into India dates from the time when the import duty on piece-goods was first imposed and when a counter vailing excise was placed on piece-goods manufactured in this country. It was realised at once that since in the matter of piece-goods manufactured in this country an excise duty precisely equivalent to the import duty on imported piece-goods had to be paid, the cotton mills here were placed in a disadvantageous position, in that they had to import from England machinery and mill stores they required for their mills. It was decided, therefore, that these machinery and mill stores should be free from all duty.

Now, Sir, the position is entirely different. The textile industry in this country has the benefit of a six per cent. duty. The excise duty on piece-goods manufactured in this country is 5 per cent. Under the proposals which we have placed before the House, the import duty on imported piece-goods will be 11 per cent. In view of this difference we desire to remove the small concession whereby textile machinery and stores are admitted free. We shall get a small amount of revenue, say, about ten lakhs of rupees out of this. Moreover we shall simplify very greatly our customs procedure. The objection that we have to the continuance of this concession is that it causes us very great administrative inconvenience. The working of these exemptions involves considerable difficulties, in that certain articles can be used for entirely different types of work, and others can be used for woollen mills which are not privileged. Again the question arises of importations by people who buy for stock and who sell to cotton mills or elsewhere. The result is that in a large proportion of cases a provisional duty is charged in the first instance, and is adjusted on production of the necessary proof of destination. In some cases the duty is charged subject to a refund being granted when the machinery has been erected or the stores have been used. Both processes involve a subsequent handling of the papers which have, in the meanwhile, been dispersed for audit, for statistical or other purposes, and the extent of the clerical and administrative labour involved is very great. The disposal of every refund application tends to clog the wheels of the customs machine and to be productive of slower work. Now that we are increasing the import duty by probably at least 3½ per cent. without any increase in the excise, it seems to me equitable that we should remove this concession, which I venture to think that cotton mill industry no longer requires.

Mr. Agarwala referred to the 'struggling industry.' All I can say is, that I wish we had more industries struggling in this way in the country. I have here a list of the dividends paid by the Bombay cotton mills in the last year. I will just read them out in order: 36 per cent., 26, 25, 128, 22, 128, 70, 30, 45, 85, 52, 42, 30, 65 and so on. It seems to me, Sir, that this industry is in an extremely strong position. It seems to me that it no longer requires this little concession which, as I have said, causes us a great deal of administrative inconvenience, and

* Schedule I, page 2 of the Bill as introduced.

† Schedule I, page 3.

I suggest that the House should accept our proposal which means an additional revenue of about ten lakhs of rupees.

Mr. Manmohandas Ramji: I have also an amendment standing in my name, item No. 35. May I know whether I shall be allowed to move it, or this proposition will dispose of it also?

The Honourable the President: The Honourable Member is raising quite a different question there. As far as I can see, he is raising the question of materials used in the industry.

Mr. Manmohandas Ramji: Not stores as a whole, but only a part of the stores.

If I may be permitted to say a word, Sir, Mr. Agarwala's motion is, that the whole of the stores imported for mills is to be excluded, whereas my proposition says, that stores used for sizing purposes only be exempted.

The Honourable the President: In order to give the Honourable Member an opportunity, I will put the amendment before the House in the following form:

'After item No. 18 the following new item be inserted:

'18-A. Textile machinery.'

The amendment was negatived.

Mr. E. L. Price: Am I to move my amendment No. 32, because that and No. 59 are two component parts of a perfect whole? I cannot very well move the one without the other.

The Honourable the President: If they are parts of a perfect whole and we dispose of No. 32, then No. 59 shares the same fate.

Mr. E. L. Price: I beg to move:

'That 'silver' be omitted.'*

Of course, the House understands that this is attempted with the idea of collecting an import duty which, before the war, according to the evidence given in the Babington Smith Committee produced an annual revenue of a crore of rupees, a sum of money which this House would, probably, be very glad to have in hand in order to reduce some of the charges that must otherwise undoubtedly fall on the poorer sections of the community. I must apologise to this House if I speak with what in another place is called irresponsibility. Of course, I had prepared 20 pages of print, but owing to your appeal, Sir, for expedition I prefer to put them behind me and shall be as brief as possible. I put it to this House, that India is rather afflicted with busybodies outside. The latest of them is Lord Ampthill against whose proposed action we, unofficial European Members, have recently sent a strong remonstrance. I cannot but feel that the Babington-Smith Committee also, however appointed, was also something in the nature of some one of these outside busybodies. It contained only one Indian Member and its whole results have been disastrous to this country. It sat at a time when, if one thing was more certain than another, as pointed out by the Exchange Banks, conditions were absolutely fluid. There was no stability, and on this fluid basis they tried to erect a structure, and that structure has toppled down to the great discomfiture of all concerned. Now I am very sorry, really I feel I ought to apologise to the House, for mentioning this Babingtom-Smith Committee Report at all, because I do not know that I can say a word in its favour; but, however, as my opponents resolutely mention it, it seems necessary to revert to it. First take paragraph 71 of the Report. It is thrown at my head from all over the place: 'Oh, the Babington-Smith Committee said, You *must* take off the duty on silver'. Now, Sir, when I read the exact words to the House you will see they made no such statement without a certain amount of reserve. They said:

'For these reasons we recommend that when the prohibition of import of silver is removed, the duty should also be removed unless in the opinion of the Government of India the fiscal position demands its retention'.

I would ask the House to note the words 'the fiscal position demands its retention.' Of course my contention is that the fiscal position seriously demands its retention at this time. Now, Sir, while on this question of the Babington-Smith Report I must naturally take the minority report on the same subject and of course I quite agree that Mr. Merwanjee Dalal is unequivocally against any import duty, but I would refer to page 41 and quote Mr. Dalal against himself. Section 12 runs like this:

'I discuss in detail below these and other points referred to the Committee and now state the recommendations that I desire to make:

'(*a*) The money standard in India should remain unaltered, that is, the standard of the sovereign and gold mohurs (notice the words 'gold mohurs') with rupees related there to at the rate of 15 to 1.'

Now this is the more important, Sir, because the gold mohurs that we coined at the Bombay mint, I think, in 1917, had stamped on the back Rs. 15, and of course they were exactly equal in weight and fineness to the sovereign. I am sorry, I have not got one of the coins here to show you, but they are unobtainable. Now it has often been stated that the minority report advocated the retention of exchange at 1*s.* 4*d.* It did nothing of the sort, Sir. From this section you will see that it wanted to retain exchange at 1*s.* 4*d. gold*, Rs. 15 for a gold mohur or

* From Item 20, Schedule I, page 3 of the Bill as introduced.

for a sovereign, which is a gold coin of exactly the same weight and fineness as the said gold mohur. Now, Sir, what is the current value of a rupee at 1*s.* 4*d.* gold? I worked it out roughly and the answer is 1*s.* 9*d* sterling. 1*s.* 4*d. gold* is 1*s.* 9*d. sterling*. There can be no doubt about it. That is what the minority report recommended!

Now as regards (*b*), (I am reading again from the minority report):

'Free and unfettered imports and exports by the public of gold bullion and gold coins.'

'(*c*) Free and unfettered imports and exports by the public of silver bullion and silver coins.'

Now, Sir, I want to draw the attention of the House to this fact that Mr. Merwanjee Dalal divides up gold from silver. Why should he not lump them together like the Customs schedule? Why should he label one (*b*) and the other (*c*) and take two extra lines of print for nothing? The reason is, that Mr. Dalal is undoubtedly a very good economist and he knows perfectly well that gold and silver are altogether in different categories for international purposes, and therefore he so placed them. Gold will always pay your way. The greater the stress of the times the more favourable is gold. Silver is in an entirely different category. It very often will only serve the purpose of securities, and most of us know to our cost what little service securities will afford a man in times of stress. Now, Sir, leaving that report, I come to an item of evidence given before that committee and given by an expert called Mr. Bomanji. I have heard his name mentioned in this House in connection with exchange, showing how expert he was during the sale of Reverse Councils, and on that account I suppose we cannot do better than accept his recommendations now. He says: —

'With a rise in the sterling value of the rupee, with no restrictions on the import of gold and silver and with a ratio fixed between sterling and rupee, under those conditions, I do not think that you can permanently keep exchange very high,'

and that leads me to the further question as to whether the Government of India wants exchange to rise, and whether commercial India wants exchange to rise. Well, Sir, there are the many commercial considerations that I stated on the 8th. The Honourable Mr. Sarma, will admit that one of his chief fears, I suppose, about releasing exports is, that at the present low exchange, prices might rise. If exchange were at 1*s.* 8*d.* he would have far less reluctance, and from his point of view it would probably be a good deal more comfortable if exchange were a little higher. But there is another Member of Government, Sir, who is much more interested than even Mr. Sarma, and that is the Finance Member. From the 1st of April when this Budget comes into operation, there are home charges to be met to the extent of 47 millions against which the Finance Member has put an amount of 20 million, which he expects the other way, that is in payment for military services. Now, Sir, I am taking it, I may be wrong, I hope not, that what he means to say is he is going to spend for the War Office 24 crores and at the rate of 1*s.* 8*d.* calculated Rs. 12 to the pound recover in London 20 millions. The operations begin on the 1st of April, that is almost next week. But, Sir, in spending these 24 crores, he has told us that the War Office will only repay him at the market rate. If the War Office pays him even at 1*s.* 4*d.* the amount, he will get in London will only be 16 millions, instead of 20 millions and at once on that item alone we have another deficit of 4 millions, which is an extremely serious thing. Now, Sir, the objections to this duty on silver have been very effectively stage managed. Most of us have seen some theatrical representation when an army is introduced. Four or five men armed with helmets, shields and swords march through. As soon as they pass out of sight, they 'double' up and come in again. You watch them a little bit and think there is a large army passing through. I believe that that is what has really happened in the case of these protests against the import duty on silver. The main people who are interested are half a dozen bullion brokers who are extremely anxious that whoever has to pay, and whatever they have to pay, at all events no burden or restriction should fall on them. It was referred to in the *Statesman* as undiluted selfishness. I hope it is not quite that. There is something serious behind it too. But when the Finance Member replied on this question being first raised, he spoke about consulting the silver bullion dealers. Well, Sir, the Finance Member has put a duty on sugar . . . .

The Honourable Mr. W. M. Hailey: I venture to interrupt, I said that I should have to consult Bombay, not the bullion dealers.

Mr. E. L. Price: Well, Sir, I am sorry if I misunderstood the Finance Member, but I am not aware that he had particularly to consult Bombay over the import duty on sugar, which is a food of the people. And, even if you say to me that this sugar is not eaten by the poorer classes, I will admit that; but, at the same time, the rise in the price of foreign sugar affects the price of the Indian article. Again, take cloth. You say you are forced to raise the duty on the clothing of the millions of India, and, if you say that Manchester goods of the finer sorts will not so much affect the masses, I shall again have to say that behind that new tariff wall that you are raising, the indigenous products will rise in price. The extra income-tax, the higher super-tax that you try to impose on the mill-owners, behind that tariff wall will be easily passed on to the consumer, and the tax you place on food and clothing will, undoubtedly, affect the masses.

Now, Sir, socially silver is a luxury. People do not need it to eat or to keep them warm, and I do say that it is a most important thing that admitted luxuries should be taxed. From the currency point of view also uncoined silver is a luxury because we have a nominal gold

basis, *and that gold -basis will never be made effective unless the volumes of silver that keep coming to India are restricted and penalised.*

I have been as brief as I could; I am sorry if I have missed any important points.

Dr. H. S. Gour: I am sorry, Sir, I have to oppose this amendment and I shall briefly do so by ca tegorising my objections.

My friend's first point was that the exchange would improve if there is an import duty on silver. I submit, Sir, as I pointed out in my speech when the general debate on the Budget took place, that the amount of silver which is imported to this country is not such as materially to affect the exchange much. I therefore submit that the question of exchange must be left out in considering the import duty on silver, and, even assuming for the sake of argument that it will reflect upon the exchange, I submit that the Government must not any longer tamper with exchange. They have done so before much to their cost and the cost of the country, and the exchange problem must now be left to solve itself.

My next objection is that the savings of the people of this country are mostly made in silver, and it would be a most suicidal policy for this Assembly to attempt to tax those savings.

My third objection to the Honourable Member's proposal is that silver is a currency metal and it is one of the axioms of economics that currency metals must not be taxed; there must be a free flow of currency metals.

My next objection is that we have a considerable trade with China which is a silver currency using country. Our trade with China is already dwindling and it would seriously suffer if we were to put an import duty on silver.

On these grounds, Sir, I oppose the amendment.

The Honourable Mr. W. M. Hailey: The House will readily understand, that when it places within our grasp the prospect of a crore of rupees, we should not lightly reject the offer; it is no function of ours to look a gift horse too narrowly in the mouth. But, Sir, it is my duty to advise the House to the best of my ability, not only as to how to meet its immediate difficulties with the least inconvenience to itself and to the country, but how to regulate its finances over a period of years with the greatest safety to health and stability. It is because I feel it to be my duty to ask the House to take a long view of these matters, that I must criticise the proposal put forward by Mr. Price.

Let me take his last argument first. He said that silver was a luxury. Well, whether an article is a luxury or not is often a matter of opinion, and sometimes even a matter of verbal expression. But I am aware that people are frequently disposed to a decision on even the most important and vital questions by a prejudice derived from a classification of this nature. Now, Sir, is silver really to be classified as a luxury? Certainly that was not the opinion of Indian publicists when we placed the tax originally on silver. We were then told, as Dr. Gour has told us again just now, that we were taxing the savings of the poor man. It has, it is true, long been a charge against India, a charge certainly levied against India by Europeans from the 17th century onwards, that it is a pit for the precious metals. A long succession of economists has deplored the Indian habit of hoarding the precious metals. As a matter of pure economics they were undoubtedly correct; but the circumstances of India require that we should apply some qualification to this condemnation. If metal is hoarded, it does not necessarily follow that the metal so hoarded is a luxury. I will admit that for the European silver is a luxury; for the richer Indian, except in so far as he seeks to meet the absolute necessities of ceremonial occasions, silver is a luxury; but is it a luxury for the poor man? He has no banking facilities; he is not sufficiently educated to have acquired the Savings Bank habit, and, until he improves sufficiently by education to appreciate the investment habit, or until we can provide him with the necessary banking facilities, silver and gold are practically his only means of banking. To that extent at all events silver is not really a luxury, and I would deprecate any attempt to decide the immediate issue before us—a tariff issue—on the supposition that we are taxing a luxury pure and simple.

Now, Sir, that is not of course my main objection, though I have had to state this point in order that I might clear away any prepossessions derived from Mr. Price's statement of this aspect of the question. My main objection is far stronger, and is directed against what is after all also Mr. Price's main point, namely, that an import tax on silver would tend to rehabilitate exchange. I maintain, that in the present chaotic conditions of exchange there is unanimity only on one point, namely, that we should now cease to attempt to regulate it by artificial means. That has been the lesson of the Brussels Conference; that has been the lesson that has been impressed on us by the majority of persons in this country qualified to judge of the situation. We are told that we have made a failure of things; how far that is true, is a matter of opinion; but it is certainly a matter of fact that we have been very freely told that we had now better leave things alone. Yet Mr. Price's proposal would, if accepted, constitute exactly one of these artificial attempts to regulate exchange which the country at large has protested against. Again, if in many quarters blame has been imputed to us with regard to what has been described as the failure of our exchange policy, yet it is nevertheless true that we have gained some credit from the fact the we have released the precious metals from all control, both import and export. Let me quote a short passage

from a paper that I am fond of quoting because it not infrequently attacks, and attacks from a very well informed standpoint, our general financial policy. It says :

'We have gradually got down to unrestricted trade in most things including our precious metals and exchange, though in our economic Sahara some people are still clamouring for administrative interference with a free exchange and for the re-imposition of restrictions on the import of silver. But this very freedom makes it all the more necessary to strike off the last shackles from the limbs of trade.'

I believe, Sir, that the great majority of commercial men in this country think that our one hope of stabilising exchange is to leave it to the operation of natural forces. This particularly applies to restrictions on the precious metals; because ultimately the precious metals must be relied on to re-establish the balance of trade; they are the only resort when ordinary imports and exports fail to arrive at a balance. We may be told that if we really believe this theory, we should not have placed restrictions on the movement of metals during the war? The consequence of such restrictions was seriously to affect exchange; but they were due entirely to war conditions, and could not have been obviated by any means in our power whatsoever.

Now, to come to details, what is the exact effect of an import duty on silver? I have heard it said, that an import duty on silver does not in itself prevent silver being used for re-establishing the balance of trade; that is it does not prevent its export when required for that purpose. Well, Sir, it does; that statement is not correct. I will quote an authority which most Members of this House would, I think, admit to be unimpeachable. That authority says :

'It would be wicked to make India a bottomless sink for silver, and this had formerly been brought about by the imposition of a duty.'

The explanation of course is, that if we place a two-anna import duty on silver, India cannot use silver freely for purposes of export until the Indian parity rises to two annas above the London parity, or about 12 rupees per hundred tolas. It is perfectly true that the Customs Act does provide for a rebate of $\frac{7}{8}$ths on re-exports of silver; but you cannot identify particular prices of silver; it gets broken up, and changes its form, so that, as a matter of fact, that rebate can hardly ever be claimed.

My position then is, that the imposition of an import duty on silver practically prevents its export until the Indian parity rises strongly above the London parity. Now, Sir, that is not a theoretical consideration in any way, but it is a practical one. What is happening at the present moment? I am going to read to the House—lest it should be thought that I am voicing merely my own views—another extract from the same authority. I quote it to prove that the free import of silver is not an unmixed evil, that in return for imports we get both exports of silver, and even of a more important factor in exchange, I mean gold.

'The trade returns of last year show that since the abolition of a silver duty by the Secretary of State India is importing as well as exporting silver bullion and coins. At the present moment, India is exporting gold at the level of Rs. 30 per tola and importing silver at the level of 85 per 100 tolas. It is advantageous for India to sell gold, the price of which, as measured in rupees, is high. Later on, India will be able to buy back its gold at least 25 per cent. cheaper. It is much better for India to buy cheap silver necessary for the ornaments of the people than to melt silver rupees. The silver demand of India is going to be limited. India, since the repeal of the import duty on silver last year, has exported silver to China at the level of 105 and is now advantageously re-purchasing it at the level of 85. India had bought its gold much under Rs. 23 per tola and is now selling it at a huge premium. India is exporting more gold than it imports silver.'

It is in fact true that if you import silver cheaply, you can export gold when it is to your advantage to do so. What are the facts? During the last eight months India has exported $16\frac{3}{4}$ crores worth of gold and has imported only 6 crores worth of silver, while exporting three.

Now, Sir, it may appear that I am arguing not only against our own immediate interests in this matter, but also against the theories advanced by the Government of India when they placed the duty on silver. But the conditions are very different now to what they were then. Then it looked as if the gold exchange standard was firmly established and nothing that we could do in raising revenue by way of an import duty on silver would affect it. But, Sir, that condition of affairs has been dynamited by the war, and a very different state of things prevails now. I doubt if anybody now would care to use the same arguments regarding the innocuousness of an import duty on silver that were advanced when the import duty was imposed by Government in 1914.

And, finally, Sir, Dr. Gour has referred to another point, also, if I may say so, a strong one,—that is to say, our relations with China. Our exports to China are ultimately paid for in silver, and the briefest consideration will show that the imposition of an import duty has practically the effect of raising the exchange against our Indian exporters. When the matter was discussed in the Imperial Legislative Council during the debates on the proposal to impose the tax, that point was pressed strongly against us, particularly, I think, by Sir Sassoon David, one of our stoutest opponents at the time. Government then had to admit, that the imposition of an import duty would have this effect, though it referred in its calculations to a limit of only 2 or 3 per cent.

Now, those Sir, are the points which I, imitating Mr. Price's brevity, have to put before the House. I have to put before the House that, as a matter of economic theory, it is bad. I have to put before the House that though it is an exceedingly attractive proposition in view of our immediate difficulties, yet, taking the broad view, I believe that it would do more harm than good. If an import duty were imposed now and it were found subsequently that it was

doing us harm, the House knows how difficult it would be then to remove it. It is for these reasons, Sir, that, taking what I believe to be the larger view, I myself advise the House not to accept the proposition put before it by Mr. Price.

Mr. Jamnadas Dwarkadas: Sir, in opposing Mr. Price's motion and in endorsing the opinions that have been expressed by the Honourable the Finance Member, I only want to detain the House for a couple of minutes and not more.

I want to draw the attention of the House to this fact that when the Currency Commission submitted its Report in 1919, Honourable Members are aware that the majority report and the minority report differed on many important points. But if there was one point on which there was unanimous agreement between the Indian Member of the Commission and the other Members of the Commission, it was this point, namely, that no import duty should be levied on silver. This is what the Currency Commission's majority report said :

'There is a strong feeling in India against the retention of the duty. It is an obstacle to the establishment of a world market in silver in Bombay and places the Indian consumer of silver at a disadvantage in comparison with the population of other countries.'

In the minority report it was also stated that the silver duty should be abolished. I want to ask Mr. Price if he can point out to me any country which has an import duty on silver? And we must also remember this fact, that in India, where the larger portion of the currency is based on silver, it would be detrimental to our financial interests and our commercial future to levy an import duty on silver.

I entirely agree with my friend, Dr. Gour, that silver is not looked upon as an article of luxury, however much we may regret the custom that is prevailing among the masses of the people to have silver ornaments made and to hoard silver in that form. We must look the fact in the face, that this is a custom which is prevailing, and if we try to levy a duty on silver and if the masses feel that their one method of saving money is also attacked, it will create a good deal of discontent among the masses. But more important than anything else is this fact, that in Bombay we have one of the largest bullion markets in the world, and if it remains unhampered by an import duty on silver one can remain perfectly sure that in course of time Bombay, and consequently India, will be one of the greatest commercial centres of the world. I say that the commercial future of India is dependent upon not levying silver duty, and I hope Honourable Members will reject the proposition moved by my Honourable friend, Mr. Price.

Rao Bahadur T. Rangachariar: Sir, I wish to present to the House the view of a layman in this matter. I consider Dr. Gour to be as much a layman in this matter as myself, There was one portion of his argument which I failed to appreciate. It is quite true that our people are in the habit of putting their savings in silver; but how the imposition of an import duty on silver will reduce the value of the savings I fail to see. On the other hand, I am inclined to the view, that it may enhance the value of the material. But while we have a Doctor, Mr. Price on one side, we have the Honourable Finance Member as a Doctor on the other side. Where two Doctors differ, the safest course will be for the present at any rate to allow the *status quo* to remain. Let us wait and see, because it is dangerous to interfere in a matter like this; and taking that view, as I do, I am sorry to say, I am not for voting for Mr. Price's proposition.

The amendment* was negatived.

Mr. Jamnadas Dwarkadas: Sir, I want to point out at the outset that there seems to be some mistake in the form in which my amendment is presented here. I gave notice of an amendment as a whole, that item No. 22 be transferred to item No. 75, but I should prefer, with your permission, that it should be transferred to No. 97 of part IV of Schedule II. So I shall deal with the amendment as a whole and not merely with the amendment as it stands here, with your permission, Sir. I may also point out that in the notice which I gave I had not included the whole of item No. 22, but I had mentioned only the first half of the portion, *viz.*, cotton twist and yarn, and I had left out sewing and darning thread; on this paper it is No. 33. Now, Sir,.....

The Honourable the President: The amendments standing in the name of the Honourable Member, Nos. 33 and 67, are not distributed according to his original intention; I think that is what he means?

Mr. Jamnadas Dwarkadas: That is so, Sir.

The Honourable the President: He may move No. 33, as drafted, and No. 67 later.

Mr. Jamnadas Dwarkadas: I shall move the amendment as a whole, Sir, *viz.*, that item No. 22 in Schedule II, part I, Cotton twist and yarn, be transferred to Schedule II, part 4, item No. 97; and cotton, sewing and darning thread, be kept as it is; that is not a part of my amendment. Sir, the Members of this House are probably aware that the import duty of 11 per cent. that applies to other articles applies to cotton manufactures, *viz.*, piece-goods; it does not apply to yarn which is imported from foreign countries. Now that is a very great disadvantage. In the first place, if we make the import duty applicable to foreign yarn, it will

* That in item 20, the words 'and silver' be omitted.

yield to us in these days of stringency a very very large revenue, revenue to the extent, I venture to submit, of Rs. 60 or 70 lakhs per year. The opinion of the Mill-owners Association in Bombay and of the commercial community of Bombay as represented by the Indian Merchants' Chamber, is strongly in favour of including yarn among dutiable articles. It may be argued, as it is argued by many, that the imposition of an import duty on yarn may hit the hand-loom industry in India. Now, that is not so. The hand-loom industry in India consumes yarn which belongs to the finer counts; and if finer counts which are imported from England are made to pay an import duty then it will not affect the poorer classes of the people. The cloth made of the finer counts is an article of luxury and so it might affect the richer and the middle classes, but not the poorer classes of the people. However, I may say at the outset that I have taken into consideration the objections raised by many Members of this Assembly, especially from the Madras side, that hand-loom weavers might be affected by having an import duty on foreign yarn, especially on yarn that comes under the class of finer counts, namely, above 40's. Well, having taken that into consideration I am quite prepared if it comes to that to accept the amendment of which notice has been given by my friend, Mr. Naraindas Girdhardas excluding or exempting from duty yarn above 40 counts, so that we may not hit the hand-loom industry in India, which would be hard hit if the import duty was raised. But in regard to the lower counts I can see no justification for Government exempting them from duty. I want to draw the attention of this House to the fact that the effect of exempting yarn from duty has been appalling inasmuch as Japan has found entrance into our market, and Honourable Members will be surprised to hear that while of the total yarn imported before the war, taking the average of the five years before the war, the percentage of Japan to the total yarn imported was only about 1 per cent. in the lower counts, it now comes after the war, in the year 1919, to 72 per cent. of the total yarn that is imported. Japan has practically driven away, so far as the lower counts are concerned, the United Kingdom from the market. Japan takes away cotton from India; she manufactures yarn out of that cotton and has been able to a very large extent to kill our yarn market in China; and Japan with yarn manufactured out of our cotton is competing unfairly with our yarn market in India. Now this is very unfair. It uses India as a dumping ground for its yarn. Probably Honourable Members are aware that Japan at present is in very great difficulty about money, and would sell these articles at any price; but I want to draw the attention of Members to this fact also that while yarn manufactured in Japan is allowed into India free of duty, what is the treatment that Japan gives to our manufactures, or for the matter of that, to the manufactures of other countries? There is a 30 per cent. duty on articles that are manufactured in India or elsewhere, manufactures of cotton.

It will not allow its own people to use articles manufactured elsewhere without making them pay a 30 per cent. duty on them. As a matter of fact, it is pointed out in one of the leading papers called the *Japanese Chronicle* that there is not a single article which comes from outside to Japan which is not made to pay a duty. Now I want the Members of this House to consider, that while in India we have restrictions on the hours of working and while there is a Factory Act which also imposes certain restrictions on the production, there are no such restrictions in Japan. Japanese factories are allowed to work for 22 hours if they want to. Japanese factories are backed up wholeheartedly by the Japanese Government, and if in spite of the fact that Japan gives us a very bad treatment, so far as our manufactures are concerned, we were to allow Japan to use India as its dumping ground so far as its yarn is concerned, we would not only be making our industries suffer, but we should be making ourselves instrumental in creating very dangerous ambitions in the minds of the Japanese people. Indians who have returned from Japan have told us that Japan looks upon India as a store-house, that so far as raw materials are concerned, Japan has simply got to advise her representatives here and they get any article that she wants free of duty. They take away all our raw materials free of duty, and taking away our cotton, Japan manufactures yarn and sends this yarn to India to kill our market here. Now, if we have this import duty on foreign yarn, as I have already made it clear, we should be able to get a very large revenue to the extent perhaps—even if you take the reduction in the quantity of yarn that might fall into consideration and also the quantity of yarn above 40's—I think the revenue would amount to about Rs. 35 to Rs. 40 lakhs. Now that is not a small sum in this year of financial stringency. It may be that my Honourable friend, Mr. Innes, might get up and say that this is a question which may best be referred to the Fiscal Commission that is to be appointed, but I do not want to insist on this as a protective measure. That certainly will be decided by the Fiscal Commission and we shall probably have to act upon their recommendations. But for our revenue purposes, we should be justified in imposing a duty on foreign yarn which hits surely Japan more than any other country, especially when the imposition of a duty is going to contribute to the commercial welfare and to the promotion of the industries of India. The consumer will not at all be hard hit, because our mills have the capacity to produce any quantity of lower count that this country is in need of, and our mills can also meet any amount of demand from the hand-loom weavers of this country. I think, Sir, we shall be well advised in transferring this item, No. 22, dealing with cotton twist and yarn to No. 97 of Part IV of Schedule II of the dutiable articles, as by so doing it will bring us a large revenue, it will help our industry, and it will prevent Japan from using India as its dumping ground, killing its trade in China, killing its trade in India, and creating in the minds of its people ambitions of a very dangerous character. Sir, I commend this Resolution for the acceptance of this House.

Mr. C. A. Innes: Sir, in dealing with this motion, I am much in the same position as the Honourable Mr. Hailey when he dealt with Mr. Price's motion about silver. My friend, Mr. Jamnadas Dwarkadas, has come to us and said, 'we are very hard up, here is yarn, by putting on a 11 per cent. duty we can make Rs. 50 lakhs or Rs. 60 lakhs of revenue'. Well, Sir, that is an attractive proposition to us in these days,—so attractive that when I was talking to a friend of mine from Bombay the other day, he said to me, 'what is the reason why the Government of India have not made this proposal already. Is it not a fact that there is some secret treaty with Japan?' Well, Sir, there is nothing so mysterious nor so exciting as this. This proposal was suggested and was considered, and I will read a short marginal note which I made myself on the file: 'I would not remove cotton twist yarn from the free list. An import duty would hit the hand-loom industry very hard'. There, Sir, is the whole secret. Now, it is not as if we were proposing to transfer yarn to the free list. Yarn has been on the free list now for five and twenty years, and it is part of our traditional policy to keep yarn on the free list. The reason why in 1896 it was transferred to the free list was to assist the hand-loom industry. The reason why we did not think it advisable to place a 11 per cent. duty upon this yarn was simply and solely the interest of the hand-loom industry.

Now, Sir, I will take first Mr. Jamnadas' agrument based upon protection. He tried to make our flesh creep by pointing out how dangerous the competition with Japan in the matter of yarn was. Well, Sir, all I can say is that figures do not support that contention, at any rate, not to any extent. The production of yarn in India since 1912-13 has never been less than 615 million lbs. in a year, and in one year it rose to 722 million lbs. Now, in the same period the imports of yarn have never exceeded 50 million lbs. and in 1919-20 they were only 15 million lbs. There you have the figures. On the one side, you have a production which has never been less than 600 million pounds and on the other side, you have an import which has never been greater than 50 million lbs. Now, that does not look as if the Indian mills have very much to fear from foreign competition. But, Sir, Mr. Jamnadas Dwarkadas went on to say that whereas before the war Japan had a very small share of our trade in yarn, since the war her share in the yarn trade has risen to 72 per cent. It is perfectly true that in 1918-19 the imports of yarn from Japan, for some reason with which I am not acquainted, rose enormously. In 1917-18, the imports of yarn from the United Kingdom were 15 million lbs. and from Japan 4 million lbs. In 1918-19, the imports of yarn from the United Kingdom were 9 million lbs. while those from Japan rose to 27 million lbs., but let us take the figures,—and this is the point which I wish the House to realise- let us take the figures for the following year 1919-20. What happened then? The imports of yarn from the United Kingdom were 12 million lbs. and how much was the import from Japan? 1,900,000 lbs. (one million nine hundred thousand); therefore there is a drop from 27 million lbs. in 1918-19 to 1,900,000 lbs. in 1919-20.

It is perfectly true that in the current year, 1920-21, the imports of yarn from Japan and from the United Kingdom have both increased. They have increased for reasons with which we are all aware. In the early part of 1920-21, the exchange value of the rupee was very high; consequently large orders were placed everywhere, and we have been getting large quantities of yarn in response to these orders. But the large increase in imports of yarn in 1920-21 is due to temporary causes. I doubt very much whether it is a permanent phase, and I doubt very much whether the cotton industry in Bombay has much to fear from anybody, from Japan, the United Kingdom or anybody else The cotton industry—and long may it remain so—is in an extraordinarily strong position. I read out to you just now the dividends that have been paid during the last year. I can read out to you a statement of the reserve funds of these mills; in most cases, there are reserve funds very much greater than their paid-up capital. The mill industry is, I think, in an impregnable position, and from the point of view of protection I do not think that we can justify an import duty. I do not think that we should be justified in introducing this new feature into our tariff policy at any rate until this Fiscal Commission has sat and has reported and until we have had time to consider a proposal which may have very grave consequences for one of our most important industries.

Now, Sir, I turn to another aspect of the question, namely, the hand-loom industry. We know, Sir, that most of the yarn, the high count yarn, which comes into this country, is used almost entirely by the hand-loom industry; it is hardly used in the mills at all. Now, Mr. Jamnadas Dwarkadas has tried to stymie this argument by suggesting that he is quite willing to confine his proposal to tax yarns to yarns of 40 counts and below. I will assume, therefore, since the House knows that high count yarns are not spun in this country and since the hand-loom industry is dependent upon imports from foreign countries for the high count yarns that it requires, that the House will accept that suggestion of Mr. Jamnadas Dwarkadas and will not accept the proposal to tax at any rate yarns above 40's.

But I now come to the proposal to tax yarns below 40's. I have got some figures here showing the production of yarn below 40's in this country and the import of those yarns. We will take yarns from 1's to 10's and from 11's to 20's. In 1919-20, there were 431 million pounds of yarn of these counts made in this country and 458,000 pounds were imported from abroad. Now, is there any necessity to tax the small amount of yarn that comes in? Of 21's to 30's, 183 million pounds were made in the country, 1 million pounds were imported. Of 31's to 40's, 17 million pounds were made in the country, 6 million pounds were imported. Now, Sir, I say that while our mills do not require protection

even in respect of these low count yarns, these imports of low count yarns perform a very useful function for the hand-loom industry. They help to regulate the price, and if we do not import these low count yarns, the handloom industry will be entirely in the hands of the mills. Now, Sir, these mills have been making very high profits during the last two years. I do not grudge them those profits, and the stronger and more powerful the cotton industry becomes, the better I am pleased. But, Sir, we have had, in my Department of the Government of India, appeals on more than one occasion from the consumers in this country that we should place in operation the Cotton Cloth Act in order to keep down the price of the cloth sold by these mills to the Indian consumer. We have always resisted these appeals because we are strongly opposed to artificial restraints on trade. But it is a different proposition to come to us when we are getting these requests, and to say, 'you must give us an additional advantage by removing the safeguard which the hand-loom industry has now in these free imports of foreign yarn.' I do not think that these free imports do the mill industry any harm ; they serve to protect the hand-loom industry and they act as a check on the prices charged by the mills in India. Now, I have a very considerable sympathy with the hand-loom industry, for two years I was Director of Industries in Madras where the hand-loom industry is numerically a very strong one. When the Indian Industries Commission reported, it estimated that in India there were between 2 and 3 million hand-looms at work. It estimated that the value of the output of these hand-looms was not less than Rs. 50 crores. I saw only two or three days ago in a Calcutta papar an estimate by Mr. Hoogewerf of the Serampore Weaving School in Bengal, of the value of the products of the hand-looms ; he places their value at Rs. 90 crores. Now, Sir, I think the House will realise that an industry of that magnitude requires some consideration from us. Moreover, from my experience as Director of Industries in Madras, I know what a hard time this hand-loom industry has to keep its head above water. At one time I tried to assist some of them by supplying them with yarn and buying their cloth. I ascertained that a family of 2 or 3 working say, anything from 10 to 12 hours a day, could at the most make from Rs. 15 to Rs. 20 a month. The hand-loom industry has the greatest difficulty in maintaining itself against the mills, and I do not think that this House, not at any rate until the Fiscal Commission has had time to inquire into it, should accept this proposal and should tax the imports of yarn.

Mr. Naraindas Girdhardas : Sir, if you will permit me, I will move amendment No. 34, which stands in my name, and which Mr. Jamnadas Dwarkadas has accepted.

The Honourable the President : The amendment in the name of Mr. Dwarkadas proposes to transfer the words to another item altogether. The Honourable Member proposes to do quite a different thing.

Mr. Naraindas Girdhardas : If you will read No. 77, you will see that it amounts to the same thing.

The Honourable the President : The Honourable Member's amendment would make the Schedule read,—' Cotton twist and yarn of counts 40 and below '. Mr. Jamnadas' amendment would make it read ' cotton sewing or darning thread,' which is something quite different.

Mr. Jamnadas Dwarkadas : If I may be allowed to explain, Sir, I accept the amendment that has to be moved by Mr. Girdhardas; my motion is practically the same as his. I did not exclude in my amendment at first counts above 40, but in my speech I said that I would be prepared to accept his amendment and would exempt from duty all counts above 40. It comes to the same thing.

The Honourable Mr. W. M. Hailey : Might I suggest, Sir, that it would be simplest if the House voted on No. 33 and then considered separately Mr. Girdhardas's amendment?

The Honourable the President : I have just told Mr. Girdhardas that we should deal with Mr. Jamnadas Dwarkadas's amendment first.

Mr. Naraindas Girdhardas : It amounts to the same thing.

The Honourable the President : It does not amount to the same thing unless Mr. Girdhardas wishes to move his amendment as an amendment to Mr. Dwarkadas's motion. That is a different thing.

Mr. N. M. Samarth : Sir, I submit that the result of the two amendments is just the same. I wish to point out, Sir, that if from the articles which are free of duty you drop 'cotton twist and yarn,' then, according to Mr. Jamnadas's Resolution, it will come necessarily under No. 97 of Schedule II, Part IV. But the same result will be obtained if the other amendment is accepted, namely, cotton twist and yarn excluding counts 40 and below. If you refer to 97 of Schedule II, part IV, you will see that it refers to all other sorts of yarns not otherwise specified. So the ultimate result is the same.

The Honourable the President : Then Mr. Jamnadas Dwarkadas should withdraw his amendment.

Mr. Jamnadas Dwarkadas : I am quite prepared to do that, Sir.

The amendment* was, by leave of the Assembly, withdrawn.

Mr. Naraindas Girdhardas: Sir, the amendment which stands in my name runs as follows:

'That in item 22 in part I after the word 'Yarn,' the following words be added 'excluding counts 40 and below'.'

The object of my amendment is to impose an import duty on yarn of counts 40 and below, whereas Mr. Dwarkadas's amendment proposed to impose a duty on yarns of all descriptions.

My reasons for moving my amendment are these. At present we are not manufacturing yarn of higher counts to a very large extent in this country to satisfy our own demands. We manufactured 45 lakhs lbs. of yarns of finer counts during the year 1918-19 and we imported 1 crore 7 lakhs lbs. of yarn of higher counts during the same year. Another important point in favour of my amendment is that many persons in this country are engaged in the hand-loom weaving industry, more especially in the south, and they use higher counts as a rule and if we impose a tax on yarn higher than counts 40 it will seriously affect that industry. The imposition of a tax of that description may be deferred to some time later, when conditions become more favourable; but it would, in my opinion, seriously handicap the hand-loom weaving industry in this country if the tax is imposed at the present time.

I do not agree with the Honourable Mr. Innes when he says that taxation on imported yarn would affect the hand-looms in this country. The hand-looms are not in a position to compete with machine-made cloths, so far as the coarser cloth is concerned. They are able to manufacture cloth from the higher counts and the mills do not manufacture such fine clothes to a very large extent. Therefore, we see there is very little competition between Indian mills and the hand-loom industry so far as the production of finer clothes are concerned. If we tax the lower counts, it will be helping our own industry; it will give stimulous to the mills which will produce more yarn in the country to satisfy our own demands. Further imposition of a tax only on yarns of counts 40 and below will not entail a greater loss of revenue than what the Government would realise by taking yarns of all descriptions, because seven-tenths of our total imports in 1918-19 were of counts 40 and below.

With these few words I commend this amendment to the House for acceptance.

Mr. J. Chaudhuri: Sir, in the interest of the weavers in Bengal, I rise to strongly oppose this amendment. There are large hand-loom industries in the 24-Parganas, Dacca, Shantipur, Pabna, Faridpur, Comilla and other places. Those who weave cloth of a higher count, use finer counts above 40, but for the use of poorer people they use lower counts for making coarser dhuties, saris, lungis, also cloth for covering themselves, bed-sheet or cloth for bedding. They use also lower counts for other industrial purposes such as the manufacture of fishing nets. The lower counts of yarn is also used for making socks and undervests all over Bengal where knitting is a very popular and rapidly-growing industry.

Now, we have a serious grievance against the mill-owners all over India. They regulate their prices not according to the cost of production but by reference to the price of imported goods. We have also noticed that during the war, cloth could be manufactured by hand at, say, Rs. 4. The mills, although they could manufacture it at a lower cost, were charging a higher rate simply because the supply of imported cloth had fallen off and the prices had risen. They knew that the hand-looms could not supply the demand of the market and they put up the prices to the hand-loom rate for coarser cloth and even higher. The benefit of not imposing any duty on yarn of lower counts is that it will tend to regulate the price of yarn manufactured by the mill-owners in India by foreign competition. The import of coarser counts is only a fraction of what is manufactured and consumed in the country. As for finer counts the local mills cannot manufacture them to any extent and any duty on them will kill the hand-loom industry. Complaints have been made by hand-loom weavers and the people—who are the general consumers—that mill-owners are making on an average cent. per cent. profit and are accumulating reserve amounting to the original subscribed capital. If they continue to do so, the Government should interfere and introduce profiteering legislation. The super-tax practically gives them a license for profiteering. The first duty of Government is to protect the poor and not to encourage profiteering for raising taxation by means which recoil on the poor. That is the sentiment in the country amongst those who think and feel for the poor. As for yarns the result of leaving them free will be to keep in check any abnormal raising of prices of yarn manufactured by mills in this country. In the interests of hand-loom weavers all over India who manufacture both fine and coarse cloth and the manufacturers of nets and other articles made from coarser yarn, I must strongly oppose this motion.

Srijut Debi Charan Barua: Sir, I fully endorse all that has been said by my Honourable friend, Mr. Chaudhuri. The part of India from where I come, namely, the Assam Valley, is full of hand-looms, and there is not a single household in which there is not a hand-loom. Whether he is a prince or a poor peasant, there is sure to be found a hand-loom in the house, and they always depend upon imported yarns; and when there is a dearth of imported yarns, there is sure to be a hue and cry and the prices invariably go

* *Vide* page 440 of these Debates.

up, and the Indian mills do not help us in the least. So, it will be quite against their interests to impose an import duty on imported yarns. The weaving industry is in full swing throughout, although the spinning industry is dead, and until and unless the spinning industry can be revived, there should not be any imposition of import duty on imported yarns, whether they come from the United Kingdom or from any other part of the world. At the same time, we see that the Indian mills are profiteering. We have heard Mr. Innes read out that some mills made a profit of more than cent. per cent. and then, in the face of that, they sell their products to the consumers at no cheaper rates, so that it is very objectionable that any further help should be given to these profiteers in the shape of protective laws in the matter of import duties. Considering these circumstances, I beg to oppose the motion.

Dr. H. S. Gour : I move, Sir, that the question be now put.

The Honourable the President : Do you accept it ?

Mr. C. A. Innes : I opposed the amendment moved by the gentleman opposite, and I said all I had to say in reply to Mr. Jamnadas Dwarkadas.

The Honourable the President : The question is, that the question be now put.

The motion was adopted.

The Honourable the President: The question is :

'That in item 22, after the word 'Yarn' the following words be added 'excluding counts 40 and below'.'

The amendment was negatived.

Mr. Manmohandas Ramji : Sir, my amendment runs thus :—

'That after item No. 23, the following new item be inserted : '23A—Sizing and Finishing Materials'.'

Sir, if this item is not inserted in the free list, it means this, that we have to pay duty twice over. As the House knows, the production of Indian mills in the shape of cloth is subject to a 3½ per cent. countervailing excise duty, and, as these articles have to be used in preparing cloth for sizing purposes, mills have to pay extra duty again on these articles. On the representation of mills formerly these articles were excluded from the list of duty-paying stores. The sizing and finishing materials are taxed twice over because the cost of these materials is added to the cost of the cloth. Now, Sir, if it was not for the rise in taxation that has been proposed by the Finance Department, the increase in the import duty on imported cloth, I should have come forward and asked on the grounds of equity to do away with the countervailing excise duty. Sir, this tax has been put against the wishes of the whole country and it is a tax which is a very irritative tax and it is not just, because you have to tax certain imported goods from some other country, you tax your own product. That is the history of this countervailing excise duty; now again, when that duty is allowed to remain here, are we to go and say 'because we are increasing the duty on the imported articles you should pay for an article twice over.' Is that fair ? I do not put it on the ground of protection or anything else, but I put it to the House on the ground of equity. I would have been justified even to come before the House if the circumstances of the finances of the country would have permitted—to come here and say 'take away this obnoxious tax which is called the countervailing excise duty' and I am confident that the House would have supported me throughout in that proposition. Now, what I want to do is to remove this small anomaly, that is, taxing the article twice over and therefore I suggest that these articles should be entered into the free list.

Mr. C. A. Innes: Sir, I must point out to the House that the House cannot possibly accept the amendment in the form in which it has been put. Mr. Manmohandas Ramji merely suggests that sizing and finishing materials should be placed in the free list. We cannot possibly put in our tariff a vague entry of this kind. I believe I am right in saying that such articles as China clay, Glauber salts, and so on, are used for sizing and finishing. Now, Sir, these articles are not used merely for sizing cloth. They are used for other things as well, and therefore the effect of this amendment as proposed by Mr. Manmohandas Ramji would be that China clay, Epsom salts and so on, for whatever purposes introduced into this country, must be free. Now, is that right? But, Sir, even if we assume that Mr. Manmohandas Ramji is allowed to amend his motion and to suggest the re-introduction in the tariff of the former provision, namely, 'The following articles when imported by the owner of a cotton weaving mill and proved to the satisfaction of the Collector of Customs to be intended for use in the weaving of cotton shall be free'; even if Mr. Manmohandas Ramji is allowed to amend his motion in that way, I should still be compelled to oppose it. Mr. Ramji has introduced an old grievance—the cotton excise. I do not wish to go into the history of that question. All I say is, that at the present time it is not practical politics for us to think of taking off that excise, nor do I think that there is any necessity for us to do so. I have just read out to you what big profits have been made in recent years by these cotton mills in Bombay. Only the other day, when I was in Bombay, a prominent cotton mill-owner came to me and he said: 'Really, Mr. Innes, Government ought to take all the profits we make over a hundred per cent.' Well, Sir, in these circumstances, I don't know that we need worry about the injustice of the cotton excise at the present moment. The mills, as I explained when dealing with textile machinery, have now got their 6 per cent. protection against imported goods. As I tried to explain then, it causes us the very greatest

inconvenience to continue these little concessions—concessions for such materials as aniline blue, bisulphate of soda, China clay, and a hundred and one similar things for sizing and other mill purposes. I do not think that if the mills pay duty upon these stores, it will cost them very much, and I think that in view of the inconvenience which it would cause us, the House would be wise not to accept this amendment. In any case, I must repeat what I said before that the House cannot possibly accept the motion in the form in which it has been put. If we accepted the motion as it stands, it would mean that certain articles would be free from duty, whether they are used by a cotton mill or whether they are used for any other purpose.

Rao Bahadur T. Rangachariar : Sir, I quite admit that the form of the Resolution is somewhat too wide. But I wish to bring to the notice of Mr. Innes the following fact, which I think he himself knows. I know Mr. Innes is very enthusiastic about encouraging the hand-loom industry in Madras. Recently, Sir, we tried to help the hand-loom industry. And one of the proposals to help them was to give them facilities for sizing by means of machinery, which otherwise takes them a good deal of labour. Sizing machinery, I understand, is very largely used in Ireland. Proposals were sent to the Madras Government to set up such facilities. At that time the machinery was estimated to cost only about £400. Recently we made inquiries, but the price of the self-same machinery has gone up nearly five or six times. If some way can be found for helping the hand-loom industry to get machinery for sizing and warping. . . .

Mr. C. A. Innes : May I rise to a point of order, Sir ? The proposal to include textile machinery in the free list has already been rejected by the House, and I understand Mr. Rangachariar now to be talking of sizing machinery for hand-looms. I submit, Sir, that his remarks are out of order, as the House has already rejected the proposal to exempt textile machinery.

The Honourable the President : The House rejected under item No. 31 the proposal to include textile machinery in the free list. I understood that the Honourable Member (Mr. Rangachariar) was really addressing his remarks to the items in Mr. Ramji's amendment.

Rao Bahadur T. Rangachariar : When Mr Ramji wanted to refer to this item, the Chair then ruled that it may be separately dealt with later on. Otherwise, this would have been part of that item No. 31. Mr. Ramji raised the question and the Chair ruled that this item may be dealt with later.

The Honourable the President : Mr. Ramji, as I understood, raised the question of the difference between machinery and materials. It was in order to allow a discussion on Mr. Ramji's amendment regarding materials, as I understood the matter, that I omitted from Mr. Agarwala's amendment the word 'stores', so as to bring the question of materials under separate discussion.

Mr. Manmohandas Ramji : Sir, I would accept the amendment which has been suggested by Mr. Innes. The procedure now adopted is that a refund is given and Mr. Innes' suggestion was . . . .

The Honourable the President : Mr. Innes has made no suggestion.

Mr. Manmohandas Ramji : He made a suggestion, Sir. He said that the present practice is that sizing and finishing materials are allowed refund on duty if they are certified by the mills that they are imported for their own use, and if I can amend my amendment in that way with your permission, or with the permission of the House, I should like to do so.

The Honourable the President : I am perfectly prepared to allow the Honourable Member to amend his amendment. But I understand that he is proposing to make a bargain with the Government, and that the Government are not willing to do so.

The Honourable Mr. W. M. Hailey : I might be allowed, Sir, to pass across the House to Mr. Manmohandas Ramji the exact words of the present tariff in order that Mr. Ramji may see the difficulties involved in the suggestion he has put forward.

(The present tariff was passed across to Mr. Ramji.)

Rao Bahadur T. Rangachariar : Will the Government accept it, Sir, if in place of Mr. Ramji's motion, I substitute the words '23 A—Sizing machinery for hand-loom weavers.'

Mr. C. A. Innes : I should personally oppose it very strongly.

Mr. Manmohandas Ramji : The amendment that I would like to be substituted for my present proposition is this, Sir :

'The following articles, when imported by the owner of a cotton weaving mill and proved to the satisfaction of the Collector of Customs to be intended for use in the weaving of cotton or the baling of woven cotton goods :

Aniline blue, bisulphate of soda, China clay, chloride of magnesium, chloride of zinc, dressalin, Epsom salts, farina, farinina, flannel taping, Glauber salts, glutina, glycerine substitutes, heald varnish, hoop iron, hoop steel, rivets for bales, sewing needles, sizing paste, sizing wax, soda ash, starch, velvet pulp.'

Mr. J. Chaudhuri : I rise to a point of order, Sir. I oppose this amendment

The Honourable the President : Order, order. I have no amendment before me. It will take some time to write it out. I may point out to the Honourable Member that he has

already had an assurance from Government. If the Honourable Member gets the Assembly to vote with him, it will be the business of the Legislative Department to put the amendment in such order as it can be administered. I suggest that we should come to a decision on that now.

The Honourable Mr. W. M. Hailey : Sir, I think the list which Mr. Manmohandas Ramji has read out carries its own condemnation, and I put it to the House, that in a very technical matter of this kind, involving the consideration of a long list of materials, many of which are known only to those concerned in the trade, and Customs Collectors, it is practically impossible that we should on the spur of the moment accept an amendment involving what for all we may know may be of far-reaching and unexplored consequences. There is, Sir, another remedy open, namely, that the Honourable Member should get some friend of his to move the matter when it is being discussed in another place, where he might find it possible to frame an amendment and to have it considered at greater leisure. But I would put it strongly to the House, Sir, that it should not commit itself now and without notice in a matter of such exceedingly technical nature.

Mr. Jamnadas Dwarkadas : Are we not entitled to speak on the motion, Sir ? No other Member has yet spoken on the motion except the Mover.

The President permitted the Member to speak.

I am grateful to you, Sir, that you have given me an opportunity of rising and supporting the motion of my Honourable friend, Mr. Manmohandas Ramji. My Honourable friend, Mr. Innes, in opposing the motion, has again trotted out the argument, which probably appeals most to this House, that the mills have made enormous profits and any tax levied on the mills of course won't be too heavy. Now, I strongly protest against Government trotting out that objection and appealing to the sentiments of the Members of this House. I submit, Sir, that if the mills have made profits, it is after a long period of sacrifice and loss. It was during the war that the mills made enormous profits, and I want to ask Government whether in many other parts of the world mills have not made profits during the war. Apart from that, I do submit, Sir, that if it is a question of our mills making a profit and the mills in other countries making a profit, surely, those who are patriotic will give preference to our mills.

Mr. Chaudhuri trotted out the argument of fixing up the maximum profit. I should certainly prefer that the Government should do that. If the question came here in this Assembly that a maximum profit should be fixed for mills, I should certainly support it, but I strongly object to the indirect method of pointing out to the enormous profits of the mills and making that as an argument for levying an unjust tax, I may say, on the mills. Speaking the other day my Honourable friend, Mr. Pickford, very rightly pointed out that in no other country in the world was this excise duty levied, and in addition to this duty you have another tax which is unfair on the face of it, on the sizing and finishing materials. I say, it is most unfair, and it is unprecedented in the commercial history of the world. I hope the Members of this Assembly will not be carried off their feet by the argument of enormous profits that the mills are making, which has been trotted out in season and out of season by the Government but will come to the rescue of the mills which are really heavily taxed.

Dr. H. S. Gour : I move that the question be now put.

The motion :

'That the question be now put'

was adopted.

The motion :

'That after item 23, the following new item be inserted :

'23-A.—Sizing and finishing materials.'

was negatived.

Mr. B. Venkatapatiraju : Sir, my amendment is :

'That item No. 26—Animals, living, all sorts, be omitted',

and I have suggested in amendment No. 63 . . . .

Sir Frank Carter : I have not heard a word of what the Honourable gentleman says.

RACE HORSES.

Mr. B. Venkatapatiraju : My amendment is :

'That item No. 26 in Schedule II, part I,

that is, by which animals, living, all sorts, should be imported free of duty, should be amended by two other amendments which I move :

'That on other animals should be imposed an import duty of 2½ per cent. and on horses to the extent of 20 per cent.,—namely, Nos. 63 and 110 of my amendments.'

Now, Sir, according to the figures relating to these in the annual statement for the year 1917-18, we find about 11,163 animals imported, and of them about 9,777 are horses; the horses alone priced at 52 lakhs and the other animals at about 3 to 4 lakhs of rupees. Why should we allow these things to come into the country free? Therefore I suggest, that we can raise some amount of revenue from them, and if we put them as luxuries, we may realise about ten lakhs from horses alone, and about Rs. 40,000 or 50,000 from other animals. Similar amendments are also moved by other friends. Therefore, I only say that this is not an item which should be allowed free because I may mention that none of them are brought in for breeding purposes, but most of these horses that are imported are brought here after they are castrated, and they serve no other purpose except as a luxury for the rich. The rich can well afford to pay them and there are Maharajas who are paying thousands for race horses, and why should they not pay an extra amount to our exchequer? Therefore, I think it is our duty to impose a certain duty on these things.

Mr. Manmohandas Ramji: There is also an amendment of mine standing just below that which is of the same nature.

I also support the amendment moved by Mr. Venkatapatiraju, and I may say that a number of horses that are imported into this country are for racing purposes; it is a pure and simple article of luxury and therefore it must be taxed. On this ground I propose that this amendment should be accepted.

Lala Girdharilal Agarwala: My amendment stands like this . . .

The Honourable the President: Order, order. The Honourable Member can move his amendment afterwards. He cannot move his amendment as an amendment to the motion for omitting the item.

Mr. C. A. Innes: Sir, I understand that Mr. Venkatapatiraju's motion is that 'other animals' should be taxed at 2½ per cent. and that horses should be taxed at 20 per cent. *ad valorem*. Well, Sir, I do not think that we need worry about 'other animals' *De minimis non curat lex*.

In 1913-14, the value of 'other animals' that came into the country was less than five lakhs. In 1919-20, the total value of all 'other animals' that came into the country was only Rs. 75,000. In 1920-21, in ten months, the total value of these 'other animals' was only a lakh of rupees. Now we shall get no revenue out of this 2½ per cent. and I think Mr. Venkatapatiraju may let the matter drop as regards 'other animals,' as it is not worth the trouble of collecting.

Mr. Venkatapatiraju suggests that horses coming into the country should be taxed at an *ad valorem* tax of 20 per cent. There are serious practical difficulties in the way of attempting to tax horses *ad valorem*. I quite agree that if we could tax race horses *ad valorem* we should get some money; but it is not practical politics to tax animals *ad valorem*. When we place an *ad valorem* tax, either we tax according to the invoice value, or else we tax according to the local wholesale market value. There is no such thing as the local wholesale market value of horses, and therefore we should be compelled to tax according to the invoice value. We have no guarantee that the value of the horses will be correctly shown in the invoice. Therefore, what will be the result? If we did not accept the valuation of the horses in the invoice, our remedy would be to take over those horses at our own valuation. I do hope that the House will not ask the Collectors of Customs in the different ports to start stables for keeping the horses taken over under that procedure. As a matter of practical politics, it is quite impossible to tax horses *ad valorem*. If we are to put a tax on horses at all, it would have to be some specific duty and that has not been proposed. Most of these horses which Mr. Venkatapatiraju refers to as having come in 1917-18 were horses imported into India for military purposes for the war, at least I think that they were. The military authorities do not, as a rule, import horses direct from Australia on their own account. Horses are imported by the importing firms and selections are made by the military authorities after import into this country. If we impose any sort of tax upon horses, the military authorities would naturally, in self-defence, be compelled to make their own arrangements to import horses from Australia. No customs duty is leviable on Government stores and so these horses would not be liable to tax. The effect, therefore, would be that we should not get very much of this tax. The military horses, as I have said, will be free of all tax. As I have pointed out, it is quite impossible for us, and I hope the House would not ask us to tax horses *ad valorem*. But if the House is strongly of opinion that a specific tax should be placed on horses, then it is for the House to suggest some suitable sum, I should say probably not more than Rs. 50 per horse. But I should like to point out that we do not expect that we should get much revenue out of this proposal. Still we are entirely in the hands of the House.

Mr. B. Venkatapatiraju: I accept this amendment of Rs. 50 per horse.

The Honourable the President: Mr. Innes simply threw out a suggestion which will require consideration. It would need to be put in shape before it could be moved as an amendment.

The question is, that item* No. 26 Animals, living, all sorts, be omitted.

The motion was negatived.

Lala Girdharilal Agarwala : On the principle that luxuries and pleasures should be taxed and that necessities should not be taxed as far as possible, I move my amendment which runs as follows :

'That in item* 26, after the words 'all sorts', the words 'except race and polo animals' be inserted.'

My submission is that this is a new source for us to meet our necessities and that we can get a lot of revenue. The Honourable the Government Member had just now stated that there was great inconvenience in calculating the *ad valorem* duty. I submit with the greatest respect for his remarks that there are several articles in India upon which duty is levied *ad valorem* and there are thousands of articles which are daily taxed according to the invoice. There will be no difficulty whatever, and I submit that the remark of my esteemed friend is without foundation. Now I have carefully worded my amendment and I have excluded, I am thankful to one of my esteemed friends who suggested it to me, stallions. I do not want to tax stallions which are required to improve the breed of the country. But those horses which come merely for the purpose of pleasure, namely, race and polo horses, should certainly be taxed and the pockets of the rich men should certainly be touched in these hard times, when we have to meet a demand of 62·2 crores of rupees for military necessities, over which we have got no voice. Now I quite realise that it is necessary in the interests of the country that the breed of our animals should be improved and for that reason I do not go so far as my esteemed friend, Mr. Raju, goes or Mr. Ramji goes, namely, to tax all animals. I think that stallions must come to improve the breed of our local animals. With these few words, I recommend my amendment to the acceptance of this Honourable House and I submit, that it would bring in a large revenue. I do not want to tax military horses which are required for military purposes ; although even if they are taxed there is no harm, because the money which comes from one pocket will go to another. That will make no difference. In order to meet the military necessities we have to pay 62·2 crores. There is no harm if a little more tax is levied and then it is paid back, if it is convenient for the purpose of calculation, I submit that there are very strong reasons for taxing these luxuries and pleasures and if we pass over these items lightly, we do not know with what face we can go to the poor people and tell them to cut short their small necessities.

Sir Godfrey Fell: Sir, I rise to oppose this amendment. I do so from more than one point of view. In the first place, I should like to ask the Honourable Member, from a practical point of view, how he proposes to define the creature that he calls a 'polo animal'. Does he imagine that polo ponies are a breed apart, that it is as easy to distinguish a polo pony from any other specimen of the equine species as it is to distinguish a Rolls Royce car from a motor-scooter? I would like to point out to the Honourable Member that a polo pony is not born but made, and I do not know how he proposes to discover whether a pony imported into this country is a polo pony or not. I suppose we shall next be asked to increase the customs staff in Bombay by the addition of a number of expert polo-players who will take out every imported pony to the polo ground, try him with stick and ball, and play him in a fast chukker, and then say whether he is a polo pony or not! That is the practical difficulty, to my mind, in attempting to differentiate between different animals for the purposes of this proposed import duty on 'polo animals'.

As I listened to the Honourable Member's speech, I endeavoured to discover what was the motive underlying his proposal. It is perfectly clear, that there is not very much revenue to be derived from imposing an import duty on 'race and polo animals'; and I reluctantly came to the conclusion that his principal motive therefore was of a kill-joy or spoil-sport nature. And I was confirmed in that impression by his remark, in the course of his speech, that not only luxuries should be taxed but that pleasures should also be taxed. I put it to the House—Is it the wish of this Assembly that all pleasures should be taxed? (Cries of 'No.') The idea is entirely new to me. There is something puritanical about my Honourable friend, if he will allow me to say so. So far from attempting to interfere with either racing or polo in this country, or to place any obstacles in their way, I maintain, that this Assembly should encourage both. Racing is an invaluable sport in many ways. It improves the breed of horses. It has been well said, that all men are equal on the turf and under the turf. The race course is one of the best common meeting grounds for Indians and Europeans in this country, and is one of the most powerful factors in improving social relations between the two communities. As for polo, it is in my opinion the finest game in the world. It is invaluable as a training for our soldiers; and I should like to remind the Honourable Member that during the war the existence of a large number of polo ponies in this country was of the greatest value to the military authorities, since these ponies were taken up for military purposes.

Then, again, I observed with considerable regret that my Honourable friend introduced the question of the Military Budget. Now I gather that his reasoning is somewhat as follows: 'We are not allowed to vote on the Military Budget. As we all know, it is 62·20 crores. Soldiers are the people who play polo mostly in India. Therefore, let us tax the soldiers, because it must be their fault that the Military Budget is so high'. That is really

* Page 3 of Bill as introduced.

the reasoning underlying his remarks; and I put it to the House, that it is unfair to attempt to penalise, in this indirect way, a body of not over-paid officers, one of whose principal amusements in this country is polo.

Mr. C. A. Innes: Sir, might I explain to Mr. Agarwala that another objection to his proposal is that it is quite unworkable. The Customs officers could not work a rule of that kind. Horses come in, as Sir Godfrey Fell explained to us, absolutely unmade and it is beyond human possibility for anyone to distinguish among those horses which are polo ponies and which are not. None of them are polo ponies when they come in, so that Mr. Agarwala will see that that part of his amendment is absolutely unworkable. As regards race horses, it will be extremely difficult in the first place to assess them *ad valorem*. In the second place, they are so very few in number, that I think it is unnecessary taking up the time of the House in discussing them at all.

Mr. R. A. Spence: I move that the question be now put.

The Honourable the President: The question is:

'That in item* 26 after the words 'all sorts,' the words 'except race and polo animals' be inserted.'

The amendment was negatived.

FLOUR.

Mr. K. G. Bagde: Sir, the amendment that I beg to move before this House reads thus:

'That after the 28th item† the following item be inserted, namely:

'29:	Flour	:	*ad valorem*	:	5 per cent.'	Schedule I, page 4.

Under the newly proposed Schedule II of the Import Tariff Act we find item No. 65 in part IV; that means, according to the proposed change, flour is intended to be taxed at 11 per cent. *ad valorem*. If we refer to the old Import Tariff Act, I mean Act VIII of 1894, we find the item of flour figuring in the 6th Article of Schedule IV to that Act. Under the old Act, flour was liable to import duty at the rate of 5 per cent. Thus, the proposed legislation intends to increase the tax by 6 per cent. *ad valorem*.

No one would dispute that flour is an article of general consumption. It is used both by the rich and the poor in this country. One of our friends here this morning told us that the imposition of an import duty has the effect of increasing the price of the article on which it is imposed. Hence, I think that if this duty is increased, the result would be that the price of flour would increase. That means that all persons who consume this article will have to pay higher prices than before. Now it may be contended that the quantity of flour imported is very small, and I was so told by our Honourable friend, Mr. Price, here one day.

Mr. E. L. Price: When?

Mr. K. G. Bagde: Some days ago we had a discussion here in this very place. Now, this helps my case. If the quantity of flour imported into this country is very small, then I think the income derived from this increase will also be very small, and, therefore, there is no necessity for making any change. On the other hand, if this change be made, the result would be that the price of flour in this country would rise, and we know, as a matter of experience, and that too of a very bitter sort, that our dealers take advantage of any import duty that is imposed in order to raise their own prices.

Now, some of my friends would come in and say that the wages have increased and, therefore, it is quite proper that the prices of foodstuffs also should increase. Against that increase-in-wages theory I would say this, that it is only the labourers in the commercial centres of this country who are greatly benefited or who receive the benefit of an increase in wages. If we go to the non-commercial parts of this country we find that the people there do not derive much benefit from this increase in wages, and the number of such persons is very great. And, if anybody is affected by this increase in the price of flour, it would be such persons who reside in non-commercial areas.

I therefore propose that the old duty, *i.e.*, at 5 per cent. *ad valorem*, should remain and that the proposed change should not be made.

The Honourable the President: The question is:

'That after the 28th item the following item be inserted, namely:

29. Flour: *ad valorem* : 5 per cent.'

Mr. C. A. Innes: Sir, the effect of the amendment as it stands is that flour would be included along with Ale, Beer, Porter, Cider, etc., which is the existing item No. 29. Apart, however, from that purely technical objection, I do not thin k that the House ought to accept this proposal. I must admit that we did not consider flour especially. Flour was included under the 7½ per cent. tariff and now that it is proposed to raise that rate from 7½ to 11,

* Page 3 of Bill as introduced.

† „ 4 „ „ „

Flour automatically will be taxed at 11 per cent. unless the House accepts Mr. Bagde's proposal.

Now, Mr. Bagde has said that it is not right to tax a foodstuff like flour so high as 11 per cent. and that, if we put this high import duty on flour, we shall raise the cost of Flour in this country. Well, Mr. Bagde has omitted to notice how extraordinarily small the imports of flour into this country are. In 1917-18, the imports amounted to 100 tons; in 1918-19, they amounted to 400 tons; in 1919-20, they amounted to 250 tons. Now, it is hardly worth our while, when we have got a lot of business to get through, to waste time over the exact tax to be put on infinitesimal imports of this kind. A certain amount of flour comes in from Ceylon—a very small amount indeed. It does not affect at all the price of flour in India which is entirely governed by the prices charged by the flour mills in this country. The amount that comes in from Ceylon is a mere drop in the ocean, and I do not think it makes any difference what tax is put on it. It would certainly not be worth while to take it out of the general tariff and put it in a special class of its own 5 per cent. I think that the House would be well advised not to accept this motion.

The amendment was negatived.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, The Honourable the President was in the Chair.

Postal Rates.

Dr. H. S. Gour: Before, Sir, you commence with the work of the day, may I be permitted to make a very short statement dealing with an amendment which was carried yesterday evening. My friends are anxious that that amendment should be recalled and reconsidered and I have been considering in what way it can be done. I do not want you, Sir, to commit yourself to any one particular way, but the two ways in which it might be reconsidered are first, on the ground that the whole House has gone into Committee and every matter must be considered as in the Committee stage, and secondly, by suspending the necessary rules. Now, we have come to an arrangement, which I hope the Honourable Member in charge of Government will confirm, and it is to the following effect. We must restore the ½ anna postage on a letter, but to obviate the objection that was raised to my proposal of amending the ½ anna postage on letters, it was suggested, and I believe the suggestion has met with the approval of Government, that the Government should issue a ½ anna letter postcard like what we have in England and like the commercial houses in this country issue. If the Post Office were to issue these, it would minimise the fear which the Government have that in every case they would have to weigh the letter and that very often the Post Office find that these letters are of greater weight than allowed for ½ anna and have considerable trouble in recovering the money due on account of these over-weights.

The Honourable the President: Order, order. I am afraid I cannot allow the Honourable Member to argue the merits of a proposal of that kind. In consultation with the Honourable the Finance Member he may be able to come to terms with him, but that will have to be done behind the scenes.

Dr. Gour suggests that we are really in Committee. The constitution of this Assembly does not include the process of going into Committee as in the House of Commons; but I may say for the information of the Honourable Member that neither under our procedure nor under the Committee procedure of the House of Commons can I find any loophole by which we could go back upon the decision which we have made. The clause in question, with its appropriate Schedule, has been added to the Bill by the decision of the Assembly. It would be instituting an unfortunate precedent from the Chair if I were to rule that that question could be reopened by going back upon what we have decided. But, as the Honourable Member and the Assembly are aware, the ultimate fate of the clause in question has not yet been decided. There will still be a further opportunity for the Assembly to come to a final decision on the matter. Between now and that moment I suggest to the Honourable Member and his friends that they get together round the table of the Honourable the Finance Member, if the Finance Member, in his busy moments, can spare the time, and come to an agreement on the proposal which he has just put forward.

Mr. Eardley Norton: Do I understand from the ruling of the Chair that this House has never been in Committee?

The Honourable the President: Under the rules and Standing Orders, there is no Committee stage on the floor of the Assembly. The Committee stage provided for is that of a Select Committee or of a Joint Select Committee. That is our only equivalent of what is called the Committee stage in the House of Commons. As a matter of fact in practice what we have been engaged in, this morning and yesterday, has been virtually the Indian substitute for the House of Commons Committee procedure, not in exactly the same form, but with practically the same result.

Mr. Eardley Norton : Subject, may I ask, to the right of the speaker to speak once ?

The Honourable the President : Yes.

Mr. N. M. Joshi : May I know, Sir, whether under the rules for the appointment of a Select Committee we cannot ask that the whole House go into Committee ?

The Honourable the President : I should not like to give a ruling on that point off-hand. But my recollection is that there is no provision under the rules which would enable me to accept a motion of that kind.

We are working upon rules which have been deliberately left somewhat elastic in order to give the Assembly time to judge as to what is the best way of developing its own procedure. As we have gone through this session we have already discovered ways in which possibly that procedure may be reformed. The time will no doubt come when we shall have to take up the whole question, but I would suggest that we should not be too hasty to bring that time on before questions have ripened for decision.

Rao Bahadur T. Rangachariar : May I say, Sir, with reference to what fell from the Chair, that so long as a man who writes an ordinary letter in this* way will not be treated as the man who writes a letter in this* way, we on this side of the House are quite willing to agree to any suggestion that the other Chamber may make.

The Honourable the President : I have been given to understand that Honourable Members have spent a profitable hour of Tiffin in arranging the business for this afternoon. I gather that a number of amendments which appear on the paper will not actually be moved, but in order to keep matters in order, I shall call upon Members in the order in which their names appear in the list of amendments in front of them.

Lala Girdharilal Agarwala: Sir, I withdraw my amendment No. 40.†

Bhai Man Singh : Sir, I withdraw my amendment No. 42.‡

SUGAR AND MOLASSES.

Munshi Mahadeo Prasad : Sir, the amendment that I have proposed runs :

'To raise the import duty on item 35, that is, sugar and molasses, from 15 per cent. proposed by the Finance Member, to 25 per cent.'

My reason for moving this amendment is that this sugar which is imported into India by foreign countries, its import should pay us the revenue of which we are in need. The estimate of the Honourable Mr. Hailey is that we shall get Rs. 65 lakhs from this item if we raise the import duty from 10 per cent. to 15 per cent.

If we raise the duty from 10 per cent. to 25 per cent. we shall be making one crore and eight lakhs of rupees. We have to find out ways and means of reducing the freight on coal, fodder and other things, and if we raise the import duty, we shall not be able to reduce the rate of freight on railways.

Now, Sir, the second reason is that by reducing the duty we shall be encouraging the indigenous industry of refining sugar in this country. The next point is that the rural population of India will not suffer in the least because they do not use refined sugar such as others do. It will provide labour in the villages for the villagers. We might remember that before 1882 sugar was refined in one or two villages apart. By Act XI of 1882 the import duty on sugar was removed and large quantities of sugar began to be imported into India.

Up to 1894, sugar was still imported into India free and during the period of 12 years from 1882 the industry of refining sugar in India had nearly died out. It was in 1894 that a duty of 5 per cent. was levied on the import of sugar and then it was raised to 10 per cent. in 1916.

When the increase of the duty on the import of sugar was under consideration in the Legislative Council in 1916, this is what the Honourable Mian Muhammad Shafi said : 'I welcome the enhanced tax proposed to be levied on sugar and tobacco as calculated to protect our indigenous sugar and tobacco industries'.

If we analyse the figures up to 1914 by looking at the statistics on record, we find that Java, Mauritius, Austria-Hungary, United Kingdom, Egypt, China, Hong Kong, Straits Settlements, Germany and other countries, including Japan, used to import sugar into this country. Now, further, in the notes of the Honourable Mr. A. C. Chatterji, I find that the following places were concerned with the sugar industry in the United Provinces : Saharanpur, Muzaffernagar, Meerut, Bulandshahar, Farukhabad, Rohilkhand Division, Sitapur, Hardoi, Kheri, Fyzabad, Gonda, Sultanpur, Barabanki, Gonda and, I may add, Balia, Benares and Gorakhpur Districts. The Government finding that this industry began to die out, they helped them on by granting sums to them.

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* (Holding up letters to illustrate his point.)

† Items 29 to 34 be omitted from part II, and the entries in column 2 of those items be inserted as item 121-A in part V.

‡ Item No. 35. The words 'but excluding confectionery' be omitted.

Now, Mr. Hadie, the Deputy Director of Agriculture in the United Provinces, has dealt with this subject in his book and it makes interesting reading.

In Bihar, Bengal and Assam the sugar industry used to flourish in times of yore, and I believe that in the Punjab and the Central Provinces the refining of sugar used to be an industry. However, with the advent of the foreign sugar into India, the industry in this country began to decay, and, in my opinion, it should be revived again. The figures which I have got from the Government statistics are as follows. They are to be found in the 9th issue of the report of Commercial Statistics, Volume I. In 1909-10, we imported sugar to the value of 11 crores and 52 lakhs and in 1918-19 it was 15 crores and 61 lakhs. Now, Sir, I submit by importing such large quantities of sugar into the country, these large sums of money were drained out of the country and very little revenue was received. If we raise the duty on the import of sugar we shall be making a provision for definite ways and means of meeting our present deficit. When I examine the figures in weight, I find that in 1916-17, the sugar imported was 1·2 crores of hundredweights and in 1917-18, it went up to 1·5 crores of hundredweights. The revenue that was derived from import duties was Rs. 19,85,738 in the year 1918-19. Thus from the point of view of revenue as well as from the point of view of encouraging the sugar industry of India, we must levy a duty on the import of sugar, at least and not lower than 25 per cent. to begin with.

Now, Sir, it may be said that the sugar will become dear and will not be within the reach of all in all the provinces. I beg to submit, Sir, that in the villages which have the greatest part of the population, very few persons use this refined sugar from foreign countries. They will be contented with the raw sugar that they use. Now, Sir, the rates of sugar would not rise because of this import duty. If I am correct in analysing the situation, it is the middlemen who raise the price of goods, and not the import duty. There should be a principle for the levying of import duty in the interests of the country; we should levy the duty to have the revenue to meet our own demands. I was reading only the other day a book in the other room of this building which is entitled 'Where to find your law' and there I found, that in England in order to have the import duty on tobacco to increase the revenue of the State, it was forbidden that tobacco should be cultivated in England. I beg to submit, Sir, that all these factors ought to be taken into consideration when levying an import duty on imported goods. I beg to submit, Sir, that in order to encourage our own industry we should raise the duty to at least 25 per cent. as I have submitted in my amendment. Now, Sir, I find from studying the figures that by raising the duty to 25 per cent. something will be made. Even, Sir, if the import may decrease to some extent, the figures given by the Finance Member will be available. With these remarks I beg to commend this amendment for the favourable consideration of this House.

Mr. C. A. Innes: Sir, I think that I shall be interpreting the sense of the House if I deal with this amendment very shortly. Mr. Mahadeo Prasad bases his proposal on two grounds. In the first place, he says that he wants revenue. He says that because by raising the duty from 10 to 15 per cent. we hope to make 65 lakhs, therefore by raising the duty to 25 per cent. we shall make considerably more than a crore. Well, I deny that assumption altogether. We shall set up at once the law of diminishing returns and if we pitch our duty too high we shall lose revenue. I do not think there is any doubt about that. Now I must confess that I was rather doubtful whether we were justified in raising the duty on sugar, at all. The price of sugar, as everybody in this House probably knows, is extraordinarily high. It is very high, because there is at the present time a world shortage of sugar and that world shortage of sugar, when we get down to bedrock, is due to the fact that the beet crop in Europe has been seriously diminished during the war. The price of sugar was so high that we had appeals during last year to stop the export of sugar. We were unable to meet these appeals because, had we done so, we should have stopped a transit trade. The danger is that if we raise the duty to 25 per cent. we shall stop our supplies. There is a world shortage of sugar. There is not enough sugar to go round. If we make the price of sugar so high that people cannot afford to buy it in India, that sugar will go elsewhere.

The second argument raised by Mr. Prasad was, that we should raise the duty to 25 per cent. in order to give the Indian industry a chance. Well, Sir, we have a 15 per cent. duty on sugar now—at least we ask the House to agree to a 15 per cent. duty—and it seems to me that a tariff rate of 15 per cent. should give the Indian industry a very fair chance of progressing.

I must also remind the House that a Sugar Commission has just sat. When that Commission's report is received and considered, such action will be taken as is possible to improve the sugar industry. But I do not think that we should anticipate the action on that report by adopting this proposal. The only effect of it will be that we shall make a necessary of life, an article which enters into common consumption, which is already extraordinarily dear, dearer still. The price of sugar is now two or three times what it was at the beginning of the war, and I do not think that this House should agree to any action which would drive up the price of sugar still further. I doubt very much whether we shall get any more revenue by adopting this proposal, and I think that the House will be well-advised if it does not agree to the proposal.

Mr. A. D. Pickford: Sir, I will not detain the House for more than one minute. There is not the slightest doubt that if Munshi Mahadeo Prasad's proposal is accepted,

the firm in which I am interested will almost immediately make more money than it is making now, and, therefore, I think you will regard me as completely disinterested when I say that I am entirely opposed to this suggestion which has been made. It is perfectly true that it will drive up the price of sugar and the extra price of sugar we shall take out of the Indian consumer. That is not the desire at all of those who think that a reasonable percentage is legitimate. The desire of those who think in that way is that the manufacture of sugar in this country shall be increased and that the manufacturers shall get their profit on sugar manufactured as the result of that increase, and not out of the pockets of the inhabitants of India who are already paying a very high price, as Mr. Innes has pointed out, for what is a necessary of life.

Mr. Harchandrai Vishindas: I make a suggestion, Sir, to cut short the debate. My friend, Munshi Mahadeo Prasad, has already been told that he will not receive the support of the House, and I would therefore ask him to withdraw his motion at once.

(Several Honourable Members at this stage asked the Honourable Member to withdraw the motion.)

Munshi Mahadeo Prasad: One minute, Sir. In view of the fact that hope has been extended to the House that action will be taken on the Sugar Commission's report, I beg to withdraw the motion.

The motion was, by leave of the Assembly, withdrawn.

MATCHES.

Mr. B. Venkatapatiraju: I move motion No. 51, Sir. This is regarding matches:

'That item No. 44 be omitted altogether, *or in the alternative*:

'In item No. 44.—Matches, the words 'containing not more than 75 matches' be omitted, *or in the alternative*, the figures '90' be substituted for the figures '75'.

Schedule I, page 6.

Mr. C. A. Innes: May I interpose for one moment with your permission, Sir? It will perhaps save time if I say that Government are prepared to agree at once to the limit of matches per box being fixed at 100.

Mr. B. Venkatapatiraju: Then, I do not press my amendment, Sir.

Bhai Man Singh: We have not followed the Honourable Member.

The Honourable the President: The Honourable Member will hear in a moment.

The question I have to put is:

'That in item 44 for the figures '75' wherever they occur, the figures '100' be substituted.'

The question is, that that amendment be made.

The amendment was adopted.

SILVER BULLION OR COIN.

Mr. E. L. Price: As regards amendment No. 59* that stands in my name, I do not withdraw it but I understood that it had been substantively dealt with.

Mr. K. G. Bagde: Before moving my amendment Nos. 61,† and 62‡, I should like to know the increase that would accrue in the revenue from the proposed change.

Mr. E. L. Price: No imports.

Mr. K. G. Bagde: Then I withdraw them.

The amendments were, by leave of the Assembly, withdrawn.

DUTIES.

Mr. R. A. Spence: All previous proposals made in this Assembly for increasing the revenue of this country have been defeated, and I wonder if my amendment No. 64, namely:

'That for the heading 'articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted:

'Articles which are liable to duty at $12\frac{1}{2}$ per cent. *ad valorem*'.'

will suffer the same fate.

Judging from the temper of the House, I do not wish to detain the House by a long speech in support of this amendment. In asking for the support of the House and of the Government, I base my claim on similar lines to those made by defendants in libel cases, where I understand the line of defence takes the following form; first, there was no libel, secondly, if

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* 'That after item 44 the following new item be inserted: 44A. Silver bullion or coin two annas per tola.'

† 'No. 61. That item 45, 'Grain and pulse, all sorts, including broken grains and pulse, but excluding flour' be omitted.'

‡ 'No. 62. That item 48, 'Fire-wood' be omitted.'

there were a libel the defendant did not utter it, and thirdly, if the defendant did utter the libel it is justifiable. Similarly I ask for a general customs tariff of 12½ per cent., because, firstly, if the Honourable Finance Member's anticipation of imports during the coming year be correct, the increase would give us an increase in the revenue of 1½ crores, and we know that further increases in revenue are greatly needed. Secondly, if our imports fall off from the figure estimated by the Honourable Member, the increase proposed may make up for the deficit which would otherwise occur. Thirdly and lastly, if the increase in customs check imports considerably, that is what we want. It would restore the balance of trade, and the rise in exchange would be of great value to the country, and, I venture to submit, to the Finance Member in particular.

The Honourable Mr. W. M. Hailey: I propose to ask you to allow us to postpone this amendment until we see the result of our labours on the rest of the motions before the House. We shall then be able to say exactly where we stand as the result of what we have done to-day. This applies to both Nos. 64 and 65, though I may explain now to the House that it would be far more convenient to us, if we had to take an increase over 11 per cent., to take 12½ per cent. instead of 12.

The motion:

'That the amendment (No. 64) proposed be postponed'

was adopted.

The motion:

'That the amendment* (No. 65) proposed be postponed'

was adopted.

Mr. M. K. Reddiyar: My amendment is the same as that of the Honourable Mr. Spence Sir (No. 76).†

The Honourable the President: Does the Honourable Member wish to postpone it?

Mr. M. K. Reddiyar: Yes, Sir.

The Honourable the President: The amendment is:

'That from part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent. *ad valorem*' and re-number the other items and parts accordingly.'

The question is:

'That the consideration of this amendment be postponed.'

The motion was adopted.

Fodder, Bran and Pollards.

Lala Girdharilal Agarwala: Sir, I move this amendment No. 88:

'That item 119 be omitted and the entry in column 2 of that item be inserted as item 45-A.'

I do not want to take up the time of the House. I think it is necessary to supply fodder, bran and po llards as cheaply as possible and I therefore move this amendment.

Mr. C. A. Innes: I do not understand the effect of the amendment which has been moved by Mr. Agarwala. Is it that fodder, bran and pollards which are now liable to duty at 11 per cent. should be transferred to part III liable to duty at 2½ per cent? I do not think the matter is of very great importance, but if the House would like these small items to be taxed at 2½ per cent. the Government are quite prepared to agree.

The Honourable the President: The question is that this amendment be made.

The motion was adopted.

Umbrellas including Parasols and Sunshades.

Mr. B. Venkatapatiraju: Sir, I move:

'That at the end of part IV the following item be inserted:

'120A. Umbrellas including parasols and sunshades, and fittings therefor'.'

Sir, we have already heard from several Members during the Budget discussion that umbrellas are not a luxury, and what I suggest is, that instead of charging a duty of 20 per cent. on umbrellas, they should be charged at the rate of 11 per cent. The Government might very well accept such a proposal. Umbrellas in this country, whether we carry them in the scorching sun or in the drenching rain, are not a luxury.

The Honourable the President: The question is:

'That at the end of part IV the following item be inserted:

'120A. Umbrellas, including parasols and sunshades, and fittings therefor'.'

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* 'No. 65. That in the heading to part IV of the said Schedule for the figures and words '11 per cent.' the figures and words '12 per cent.' be substituted.'

† 'From part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent. *ad valorem*' and re-number the other items and parts accordingly.'

Mr. C. A. Innes: Government agree to that amendment, Sir.

The amendment was adopted.

The Honourable the President: All these amendments* relating to umbrellas are I think, disposed of right down to No. 108.

PATENT MEDICINES.

Lieutenant-Colonel H. A. J. Gidney: Sir, I am afraid I shall have to proceed with my amendment. I shall not detain the House very long. My amendment refers to the imposition of a tax of 20 per cent. on Patent Medicines. The duty on Patent Medicines is now 7½ per cent. and I wish to increase it to 20 per cent. My amendment runs as follows:

'That the following item be added to part V, namely:

'140. Patent Medicines.'

'NOTE: The term *Patent Medicines* has the same meaning as under the rules of the Inland Revenue of England.

My one reason for doing so is 'Necessity': with a deficit of about 19 crores facing us I feel sure the House will unanimously accept any legitimate method of increasing our revenue.

The legal aspect of this amendment can be best dealt with by referring to the treatment meted out to Patent Medicines in England. Sir, in England, the duty on Secret Medicines is regulated by the Stamp Act of 1804 as amended by the Stamp Amendment Act of 1812. The Act of 1804 was itself in part an amending act. The tax on proprietary medicines remains, but that on advertisement through and by which their sales exist and flourish has been most unfortunately repealed. The Act of 1804 contained a schedule of about 450 patent medicines. In the Act of 1812—this was replaced by a new schedule in which about 550 proprietary medicines were mentioned by name. To-day the list of patent medicines has a total of many thousands which can be readily obtained from the Inland Revenue Returns and accept *en-masse* by the Government of India. Sir, I have not been able to obtain any recent Inland Revenue returns on patent medicines, but in England, during the years 1909—1908, the amount received by the State from the Stamp duty on patent medicines increased from £266,403 to £334,141. The value of these stamps which the vendors are compelled to fix on the bottles or packages varies according to the sale price of the articles, being from 1½*d.* to 10*s.* In 1908, the British public purchased 41 millions of stamped patent medicines and paid a total of about £3,000,000. The vendor judging from his peculiar sale prices of 1*s.* 1½*d.* or 2*s.* 9*d.* takes good care that the consumer pays not only for his patent medicines but also for the price of the Stamp duty imposed on him. There is no doubt that the sale of patent medicines has enormously increased during the past decade and this is not to be wondered at considering the freedom with which they can gull the ignorant public by their wonderful 'cure-all' advertisements which I understand are not taxable. In fact, the blatant frauds perpetrated on the public became so serious that the British Medical Association exposed them in 1909. The results have been published in book form 'Secret medicines, what they cost and what they contain'. A perusal of these books will, I feel sure, be of enormous interest and benefit to the Honourable Members. Let me quote a few well-known patent medicines with their compositions, cost prices and sale prices:

1. *Dr. William's Pink Pills for Pale People.*—Sale price 2*s.* 9*d.* for 30 pills, cost price $\frac{1}{10}d.$
2. *Bile Beans for Bilious People.*—Sale price 2*s.* 9*d.*, cost price ½*d.*
3. *Mother Seigels Syrup.*—Sale price 2*s.* 6*d.* for 3 oz. cost price ⅓*d.*
4. *Carter's Little Liver Pills.*—Sale price 1*s.* 1½*d.* for 42 pills, cost price ½*d.*
5. *Beecham's Pills.*—Sale price 2*s.* 9*d.* for 90 pills, cost price ½*d.*

A Member: They are worth a guinea a box.

Lieutenant-Colonel H. A. J. Gidney: Yes, and with the exchange at Rs. 15 per £ and not Rs. 10.

The above are pre-war prices—add 100 per cent. and even then the frauds are apparent. I am glad to have this opportunity of exposing the frands and dishonesty practised by th vendors of patent medicines.

Sir, the present import duty on all drugs including patent medicines is an *ad valorem* 7½ per cent. I submit, it is unjust to levy an equal import duty on patent medicines and 'honest drugs'. The former should be subject to a much higher duty, which, I suggest, should be 20 per cent. *ad valorem.* If this were accepted, the change would not entail the introduction of any new machinery for a list of the patent medicines can be easily obtained from the Inland Revenue returns and accepted by the Government of India. The same can be done regarding patent medicines from all other foreign countries.

Sir, the value of imports of proprietary and patent medicines in India as obtained from official records is as follows:

	Rs.
1917-18	21,84,412
1918-19	24,50,617
1919-20	30,48,798
1920-21 (ten months)	26,12,241

* On the List of Business.

All at present subject to 7½ per cent. *ad valorem* duty. I understand, Sir, that this return does not include patent medicines from America and other countries which, if included, would swell the import value to at least 50 lakhs yearly. The present import duty is 7½ per cent. *ad valorem*. This on Rs. 31,00,000 would bring in a revenue of Rs. 2,25 000. If raised to 20 per cent. as suggested in my amendment the revenue would be Rs. 6,20,000, *i.e.*, a net increase of about 4 lakhs. I therefore commend this amendment to the House and feel sure that it will be accepted unanimously.

Mr. C. A. Innes: Sir, I think that I ought to object to this proposal on grounds of principle. I do not think that we ought to use our Customs Tariff in order to prevent or to hamper patent medicines from coming into the country. If it is necessary in any way to regulate the use, or check the growth of the use of these patent medicines in this country, I submit that that legislation should be undertaken separately and that the matter should be considered apart from the Customs Tariff. It seems to me a wrong principle that we should use this Tariff for discriminating between what Colonel Gidney calls 'genuine' drugs and patent medicines. For all I know, patent medicines may consist of genuine drugs, and I believe myself that many of them do. But my main objection, as I have said before, is one of principle. I think we ought to make it a principle that we should not use the Customs Tariff for purposes of this kind.

The amendment was negatived.

The Honourable the President: The question is :

'That Schedule II stand part of the Bill.'

The motion was adopted.

The Honourable Mr. W. M. Hailey : I beg to move, Sir :

'That the consequential amendments as to re-numbering and the like be made in the Schedules as now amended.'

This is merely a formal motion in order that the amendments may be put in the necessary order, and gaps, etc., avoided.

The Honourable the President : The question is :

'That formal consequential amendments as to re-numbering and the like be made in Schedule I.'

The motion was adopted.

Mr. A. D. Pickford : Sir, I shall endeavour to detain the House as little as possible. I feel, however, that I must ask for the indulgence of the House for a few minutes in order that I may make the position of this amendment perfectly clear to the Members. I ask this because unless the effect of the amendment is made clear, I feel there will be a grave risk that really serious injustice may be done. The amendment that stands in my name is as follows : -

'That in clause 4 all the words after '1921' shall be deleted, and in their place the following shall be inserted :

'(*a*) Section 3. (*1*) of the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, shall be repealed, and the following section substituted therefor, *viz.*

'3. (*1*) Subject to the provisions of this Act' there shall be levied and collected on goods carried by :

(*a*) any inland vessel in British India a tax at the rate specified in that behalf in Schedule I, or

(*b*) any railway in British India a tax at the rate specified in that behalf in Schedule II.'

(*b*) For the second Schedule to the aforesaid Freight Tax Act, 1917, the Schedule contained in the fourth Schedule to this Act shall be substituted and numbered II.

(*c*) The second Schedule to the aforesaid Freight Tax Act, 1917, shall be numbered III, and

(*d*) In section 5 of the aforesaid Freight Tax Act, 1917, 'Schedule II' shall be altered to read 'Schedule III' and any other consequential alterations that may be necessary shall also be made in the said Act.'

Sir, I hope, Honourable Members will not be alarmed by the terms of that amendment. It looks a very complicated affair, but it is really perfectly simple ; and, believe me, contains no trade slimness at the back of it. The effect of it is simply this. The proposals of the Government are that a surcharge should be levied on all goods carried by railways and by inland steam-vessels. The only effect of this amendment is to continue the surcharge on railways, but leave the position with regard to inland steam-vessels as it stands at present. That is the whole effect of it, and all the other verbiage is merely a question of getting the thing into proper order, the schedules into their normal order. Now, the House will naturally ask, why should inland steam-vessels be treated differently from railways in this matter ? The answer is very simple. The inland steamship companies of which there are a fair number are private commercial concerns, like, for instance, a sugar company, or cotton company or a jute mill or an ocean steam-ship company ; they differ in no way except for the fact that they do come into competition with railways, and especially with State railways. Now, it is a fact that inland steamers compete from point to point with the railways. That is one fact which I would ask Members of this House particularly to note. The second fact which I would ask Members particularly to note is, that in the past where for any reason it has been necessary to levy more

freight on goods or passengers carried it has been done generally by raising the rates on railways with the sanction of the Railway Board, and a corresponding increased rate is levied as the inland steam-vessel companies may think desirable. Now, it is perfectly clear that if the railways do not raise their rates the inland steam-vessels cannot without raising their rates continue to pay. What is the position now? And in connection with this it is necessary for the House to examine very carefully indeed the reasons which the representatives of Government have given for the proposed surcharge. The position is that the Government come to the public and say:

'The cost of working railways has gone up. We think, therefore, we must raise the rates, that we must get more money in order to meet the deficiency.'

Now the Railway Board, as its habit is, says, 'We have not had time. We cannot yet carry out this complicated business of raising rates.' The steamer companies on the other hand, being commercially run shows, say 'We are prepared to raise the rates at once to meet our working costs if the Railway Board will wake up and raise their rates.' Very well, that is no use to the Honourable the Finance Member. He has got to come up with the Budget and he looks round to see how he can get out of the difficulty into which the Railway Board has put him; and he says to us:

'As I cannot get the railway rates increased, I must in the meantime place a surcharge on all the goods that are carried by railways.'

At the same time, he says, 'I am going to include the Inland Steam Vessels.' Now on the first point,—I am not quite sure if I have made the point clear, but I want to make it quite explicit from the actual words which have been used by the Honourable the Finance Member in introducing the Budget. In paragraph 30 he says: 'I submit therefore, that quite apart from our present financial necessities, a moderate increase of rates particularly on goods traffic, the rates for which are mostly still on a pre-war basis, could be amply justified on business grounds.' If that is not clear enough, in paragraph 31, discussing the postal rates, he says: 'The remarks which I have just made, regarding the justification, as a business proposition, for an increase in railway rates apply with somewhat greater force to the case of our Postal rates.' That is to say, as he continues, 'it is at any rate safe to say that our net revenue from the Post Office has been steadily diminishing owing to the very large growth in working expenses mainly due to increased pay of the staff, and that next year the Postal Department will, unless the charges we make to the public for Postal services are raised, actually be running at an appreciable loss.' That is the position in a nut shell. They say that the working cost has gone up, they are losing money on railways and therefore they must put the rates up. If Honourable Members will say, that is legitimate in the case of Railways, why is it not so in the case of Inland Steam Vessels. I want to explain what the position is. Remembering what the Honourable the Finance Member has said, it means this. Remembering also, may I say, that practically all railways are in part State-owned, some completely State-owned, some of those with which the Inland Steam Vessel Companies compete are entirely State-owned. Take for instance, the Eastern Bengal Railway and in a minor degree the Assam Bengal Railway. Now they are going to charge the public more money; by carrying its goods they take that money into their pockets, that is to say, into the public revenues of the country. They take that money out of the pockets of the revenue again, and give it back to the railways in order to meet their working costs.

Now that is quite a legitimate thing. The public is merely paying for the added cost of running the railways in India. But what is the position in the case of the steam vessel companies? Something entirely different. They, too, have had their working costs put up; so much so that they are carrying on with the greatest difficulty. They say they want to raise their rates, it is legitimate that they should raise their rates, but the Railway Board won't let them or rather, the Railway Board won't raise their own rates, therefore they cannot raise theirs. But on the top of all this the Government comes along and says:

'We are taking the money from the railways and it is quite true we are giving it back to the railways: we are going to take it from you as well and it is quite certain we will not give it back.'

Mr. Hailey will admit he is not going to give it back to the Inland Steamer Companies; there is no suggestion of the sort.

Now, that position seems to me to be perfectly clear; there is a legitimate charge being made on the public to meet the increased cost of railways, while there is a completely illegitimate charge going to be levied on Inland Steam Vessel Companies—to meet what costs? Certainly not the increased cost of the running of the inland steamers, but to help the general revenues of the country! Now, Inland Steam Vessel Companies pay their taxes in exactly the same way as every other commercial company does. They pay income-tax, they pay supertax if they make enough, which is not likely if this passes, and they pay any other taxes that may be going, and yet there is this extraordinary differentiation, in this proposal, between their position and that of other commercial companies. They are going to have this really intolerable burden thrown on them as one of the effects of the proposal which has been made. As a matter of fact, I give it to the House as a present, it would be hard enough if the State railways were competing on ordinary lines, on ordinary commercial lines; but they are doing nothing of the kind. To my knowledge, one of the State railways is a charitable institution supported at the expense of the public. And I give the Members of the House a present of this for any future Resolution which a Member may care to place before the House: but its immediate effect on the problem with which we are faced at the

present moment is, that not only are the inland steamers comp ting with the railways, but they are competing with what is not in fact legitimate competition. But even if it were legitimate competition, I feel quite sure that the Members of the House must have seen, from the arguments that have been used, that the inland steam vessels are being made to pay something which other commercial companies are not asked to pay and they are being asked to pay that something for a reason with which they are in no way concerned. It will be absolute injustice to allow this provision to remain.

May I say that the argument may possibly be used that a surcharge was imposed on inland steamers in, I think, 1917, during the war, and like many other taxes, while opposition was shown to it, the opposition was of a comparatively mild character in view of the fact that the war was on and had to be paid for.

May I just quite briefly reiterate. The purpose of the tax has been made clear beyond all measure of doubt by the Honourable the Finance Member. The purpose of the tax is legitimate so far as railways are concerned in order to meet the increased working costs. It is illegitimate so far as inland steam vessels are concerned, because money is being taken from them and placed into the general revenues and they are getting nothing out of it to assist them to meet their increased working costs.

The inland steam vessels are private commercial concerns which are, by this proposal, taxed over and above any taxation which is imposed on other commercial concerns. They are and must be, as long as the present railway policy of the Government continues, in direct point to point competition with State or partly State railways. I am quite sure that if the House does not accept this amendment which I place before it, it will be doing a very grave injustice to a service which is of the greatest value to the country and which employs a very large number of people. On the other hand I feel, also, that there is not the slightest risk, in view of the explanation which I have given to the Honourable Members of this House, of its not accepting the amendment which I have placed before them.

Mr. P. P. Ginwalla : Sir, I am afraid, so far as conditions in my province go, that I must oppose my Honourable friend's amendment.

I believe Mr. Pickford has been to Burma, but he has probably forgotten the state of affairs there, and, if he wishes, I am quite prepared to take him back there with me and show him round. He will find in Burma that there is no competition whatever between one railway company and another or between a railway company and a flotilla company or one flotilla company and another for so far as Inland steam vessels are concerned, there is an absolute monopoly in Burma. Time after time attempts were made by smaller companies to compete against the one big concern there and they all failed. Not long ago a rival company, for which I was appearing, not only broke but its assets were eventually bought out by the flotilla company. In regard to smaller ventures, also, the same has been the result and, speaking for Burma, I should be very glad if a larger tax were levied. You can look at the Dividend lists of the company. They have killed all the small Burma boat traffic on the river practically and I think the Burmans would welcome any measure which would enable the river steam vessels traffic to be diverted to some extent to the Burmese boats.

Mr. A. D. Pickford : May I rise to a point of order, Sir ? I did not say that all Inland Steam Vessel Companies competed with railways.

Mr. P. P. Ginwalla : I am very glad to hear that my Honourable friend is willing to admit that there is at least one company that needs no protection in this particular form. If you look at the map of Burma, Sir, you will find that it is cut up by rivers, creeks and various other water-ways, upon which you see nothing except the launches of the Irrawaddy Flotilla Company, and, if there is any means by which the Burmese boat craft could be revived, this is one of the ways, and I hope the Honourable Finance Member will at least next year make an exception in favour of Burma and put a much higher tariff upon this inland steam vessel river traffic in the rivers of Burma.

Rao Bahadur T. Rangachariar: From the able way, Sir, in which the Honourable Mr. Pickford has presented the case to the Assembly I was rather led away from the point we are considering. I thought we were considering ways and means for finding out our deficit caused by the Budget we have just passed and also trying to find revenue for that purpose. The Honourable Member now complains that the Inland steamship companies have got to find ways and means for making up their deficits, about which we know nothing. We know our deficit and we are finding means to make up that deficit. I take the Honourable Member's word that the affairs of the steamship companies require investigating. But we are not here to find ways and means to meet any deficit for the steamship or any other companies. We are here to find funds for our own deficit and therefore the object of this surcharge is a tax for public purposes—not to make money to either run the railway or do any other thing. We are raising a tax for the purpose of meeting our deficit. If that is understood, all these questions, which the Honourable Member has raised and which no doubt deserve sympathetic consideration on another occasion, must be put on one side as this is not the occasion when we can go into them, and, therefore, Sir, I suggest that every pie now taken should go to meet our own deficit and we must not confuse the issue by taking into account the affairs of private concerns.

Mr. E. L. Price: Sir, as I understood it when this schedule was first put before the House, it was this. That this schedule was expressed as a purely temporary thing till the adjustment of freight charges next year to meet the increased cost of railways was ready. It was a purely temporary thing. Well, Sir, I take it, that it is in the interests of the whole country, that if the freight charges on the railways have to be revised, they should be revised as soon as possible, but it seems to me, that if we pass this schedule in any such form, where the Government will get not only a surcharge on their own business carried by the railways but where they will also pocket a surcharge on the traffic carried by somebody else's commercial enterprise, that the Government, having this illegitimate profit, need never revise the freight charges at all! So long as they can get an illegitimate profit from the Steam Navigation Companies, it seems to me they have every inducement to procrastinate. And I suppose, Sir, that if they can pass the schedule in this way, the freight charges will not be revised during the new financial year.

Mr. J. Chaudhuri: Sir, I shall only say one word with regard to Mr. Pickford's argument. It is this, that while State Railways are run out of public funds or loans raised by the Government, if they make a profit, the profit goes to the people, but, in the case of steamer companies, the profit goes to private individuals. And for that reason I should equalise the conditions under which State Railways and steamer companies carry on their business.

The Honourable Mr. W. M. Hailey: I have listened with great care to Mr. Pickford's statement, and I am bound to say that I, and, I think, my Honourable friend Sir George Barnes also, were much struck by what appeared to be the justice of some parts of the claim that he put forward. His case is, that we are taking the whole benefit of the surtax on the steamship companies, and that in so far as we are taking the whole benefit of a tax placed on their enterprise, we are preventing them thereby from making the necessary increases in their charges which we all know to be necessary in order to enable them to carry their traffic. We have had to admit the necessity for an increase in the working expenses on our own enterprises, and this increase will be met in part at all events by the surtax which we propose to impose. When we carry through the necessary arrangements, that surtax will give place I hope at an early date –to a revision of the schedule of freights; but if we take the whole of the surtax on the steamer companies, they cannot make any revision of their rates. On these grounds, therefore, I confess I was struck with the justice of the claim put forward by Mr. Pickford. I do not agree with the whole of his claim, because we expect to make something more for ourselves than the necessary increase in the working charges of Railways; that is to say, that we do regard this in part as an actual tax on transport. I was, therefore, I confess, after consulting Sir George Barnes, prepared to agree that in view of the fact that our Railways and the private steamship companies were in competition, we should take as a measure of the taxation which was placed on them half of what we are proposing to place on our own Railways, and I thought that would be a fair settlement of the question. I admit that there is some force in the case that Mr. Rangachariar has put forward; but I do see the necessity for allowing the steamship companies to make a revision of their charges to meet increased working expenses, and it seems to me that justice requires that we should give them some scope to do so. I am therefore prepared to put to the House for its decision that we should allow the steamship companies to impose half of any charge that we are imposing in the case of Railways. If the House is prepared to accept that, we would carry out the necessary drafting of the amendments to give effect to it. For, it has still to be decided in view of Mr. Spence's proposed amendment, what form our surtax on Railways should take.

Sir Frank Carter: Sir, the Honourable the Finance Member seems to admit the principle that the surcharge is unjustifiable, and kindly asks the steamship companies to accept a half. Why a half? I do not think it is at all a question of a half or one-fourth. Nothing of the kind. It is a question of the whole or nothing. The Railway companies have had, I am quite sure, at least three months to consider this question of rates at least. I presume this budget has been on the tapis for about three months. Steamer companies and commercial firms can make alterations in their rates in less than three months. Why cannot the railways do the same? As regards competition, the steamer companies have to face competition not only from other steamers, but also from country boats. Why not put this surcharge on country boats? Why should you put it on steamers only? I must protest most strongly against any suggestion of a half.

Mr. B. Venkatapatiraju: Sir, I find it very difficult to appreciate the difficulties placed before us by the Honourable Mr. Pickford and the justice which the Honourable Mr. Hailey has seen in that demand. Supposing we continued to charge the old rate, what would be the effect? Supposing we do not impose any surcharge, does it make any difference in their present difficulties? Now, Sir, the increase of 5½ crores according to the statement of Honourable Mr. Hailey which this surcharge brings,—is it not taking it from the pockets of the poorer people of the country and why should you want to raise at such a time as this, such an amount? Is it not because we are unable to carry on the administration we want to tax them so heavily, and are we to take into consideration any sufferings of rich people on this occasion? If the Government can afford it, why should we tax the poor. Let us not charge any surcharge at all? Let us not raise 5½ crores

for this purpose. As for the justice of revising the steamship rates, there will be time for us to discuss it. We are now in a dire difficulty, and we want to meet certain contingencies. In order to meet them we want to see how best to tax our people, that is, to tax ourselves to supply funds to the Exchequer. For that purpose we have to see whether we have to exempt duty on this, on that, or the other. After making all these people pay this amount, now we have got a proposal that something must go to the pockets of some companies, and the Government say, 'Of course it is just. We have no objection to sharing with you at least one crore by giving the companies 15 lakhs.'

Dr. H. S. Gour: The general exhortation of my learned friend that we have got to raise taxation and must not discriminate between companies that pay taxes and those that escape taxation does not commend itself to me. These steamship companies are struggling for their very existence. If I understand rightly, the dividend that they pay is the very reverse of the dividends which this morning Mr. Innes read out from a commercial paper. What is the dividend that they pay? I am told they pay the very miserable sum of 4 to 5 per cent. and I submit that to saddle them with this surtax is to embarrass them at a time when they are struggling for their existence. Merely because you want money, that is no reason why you should pick other people's pockets. I submit that, if you want money, it must come from sources that are naturally available to us. I do not know anything about the history of these companies beyond what I have stated. But I am deeply impressed by what Mr. Pickford has said, that while the railway companies which have been surcharged get a refund in the shape of working expenses, these commercial concerns which are doing a public good in carrying goods at a cheaper rate on the rivers are surcharged a sum of money which is not refunded to them at all. I submit that the barest justice due to these companies requires that we ought to refund this money, and I ask the Honourable the Finance Minister not to do half justice but whole justice by conceding to charge them no surcharge at all.

Rao Bahadur T. Rangachariar: May I rise to a point of order? How are you going to revise the Budget at this stage? Are you going to re-write the Budget by writing half and half?

The Honourable the President: I am glad to say that as it is not a point of order, I have not to settle that problem.

Mr. Harchandrai Vishindas: Can we have an idea as to what amount of loss this will entail upon our revenue, this concession asked for by Mr. Pickford half of which is conceded by Honourable Mr. Hailey?

The Honourable Mr. W. M. Hailey: The whole tax would be about 25 to 30 lakhs; it is a little difficult to get at the exact figures—and half would be 12½ to 15 lakhs.

Mr. A. D. Pickford: May I ask the Honourable Mr. Hailey to elucidate that a little? What would be the total surcharge on railways and inland steamers of which 12 lakhs would be for inland steamers?

The Honourable Mr. W. M. Hailey: Out of the 5½ crores, it would be 25 to 30 lakhs on inland steamers.

Mr. Manmohandas Ramji: I wish to oppose this amendment on this ground. We are raising our taxes in order to make up the deficit, and therefore we are charging the people for their articles of necessity by putting a surcharge on railways and on steamers. In case of railways it has been pointed out by the Honourable Mr. Pickford that the surcharge will be going towards the expenses to make up the deficit in the working charges of the railways, and in the case of steamers, even if they are incurring enhanced charges for working, they will not be allowed to recoup anything from this tax. Now the anomaly comes here. In case of railways if you do not pay them anything in one sense, on the other hand, you will have to make good that loss. Supposing the Finance Member had not thought of putting the surcharge, the deficit in the working of the railways would have been the same, similarly, the loss would remain also in case of steamship companies the same—why this differentiation? If Government gives this refund to the railway companies in the shape of working expenses or write off the loss that would occur, it means one and the same thing. If you put the money under one head or in the other it makes no difference. But here it is proposed that private companies because they are losers must recoup something from this tax, which is not good. Of course if there is any justification for raising the rates of the inland vessels let a concrete proposal be brought before this House and discuss it on its merits. Of course they can come to the House and to the Government and say 'Here we are losing. Increase our rates.' The Government should not lose any time and should at once consider it and accede to their request or say 'No.' But it is not justifiable to bring the subject in this manner.

Mr. T. V. Seshagiri Ayyar: I feel compelled to intervene in this debate. The reasons assigned by the Honourable the Finance Member for meeting Mr. Pickford half way are somewhat curious. Yesterday, Sir, we had a debate about the tea industry and about the hides and skins business, Those who were responsible for the tea industry told us that

the trade was languishing and that, therefore, we should not impose any taxation ; and the same argument was put forward in regard to the business in skins and hides.

Then, this Assembly told them that we have nothing to do with the languishing state of the trade. What we are concerned with is whether the industry can bear the tax. It is not a poor man's concern, and, where the country is suffering from a financial deficit, it is the duty of the Government to go to those persons who are in a position to make a profit and ask them to give a portion of the profit. Now, Sir, in the case of Joint Stock Companies, are we not taking a portion of their profit? In the case of the income-tax and in the case of the super-tax, are we not taxing private people? I do not understand the reason why, because the railway companies are in a different position from the Inland Steam Navigation Companies; therefore, the Steam Navigation Companies should be treated differently from other taxpayers, namely, the income-tax payers, the super-tax payers and Joint Stock Companies.

In these circumstances, Sir, it seems to me that the demand made by Mr. Pickford should not be acceded to by this House.

Mr. R. A. Spence : Just dealing with what Mr. Seshagiri Ayyar has said, I think that, if he carries his proposal to the extent that he should, according to what he says, the Honourable the Finance Member should put this surcharge on all goods carried in country carts and on all goods carried in every form of transport in this country.

Mr. A. D. Pickford : I rise to a point of order in this respect, that the Honourable the Finance Member has made a proposal to us and I should like to say that I demur in the strongest possible manner not only to the injustice of the original proposal, but to what has been perfectly rightly called the giving of half-justice. At the same time, if that is the feeling of the House, in the interests of companies that cannot be choosers because of this policy, I feel that I can take no other course than to accept the proposal which has been made by the Honourable the Finance Member. I cannot express strongly enough my feelings with regard to the manner in which my suggestion has been received by him and the terms of the half-justice counter-suggestion.

Mr. Harchandrai Vishindas: Sir, I think we shall be committing a great error of principle if we concede this demand either to the whole extent as Mr. Pickford has asked or to the half extent to which he has just now agreed. The only ground that is put forward is one which was put forward yesterday in regard to the tea industry and the hides and skins industry, and therefore, I suggest that we should not look to the interests that are hit by this legislation. There are innumerable people affected by this measure to whom the same principles would apply as have been urged to-day and as were urged yesterday. Take the whole list ; any number of people will be hit, any number of people's incomes would be reduced, any number would have to pay much more than they are paying now. It so happens that the gentlemen who have shouldered these proposals last night and to-day have very carefully studied the cases of the companies on whose behalf they have spoken, because they are very well educated people in possession of all the statistics, and, therefore, they have been able to present these three cases with great ability and great assiduity before the House. But if the same kind of work had been undertaken by any other Member on behalf of other interests, I submit a much stronger case could have been made out. But simply because nobody has taken that trouble in regard to other interests, I think there is no reason why we should favour these interests at all.

Dr. H. S. Gour : I move that the question be now put, Sir.

Lieutenant-Colonel A. J. Gidney: Sir, the Honourable Member Mr. Pickford's exposition of a very intricate question has impressed me very much.

I submit he has clearly shown that the super-tax to be imposed on these steamship companies is an unjust one. If a similar tax were imposed on country boats it would be called 'zoolum.'

We have here listened to-day to three kinds of logic or objections for three different amendments. For we had Mr. Jamnadas' amendment thrown out because various companies made such enormous profits and should be taxed accordingly. Another case was thrown out on principle, but we were not told what the principle was. Another one is about to be thrown out now by offering a half measure remedy, for a gross injustice. Is this reasonable? Is this just? Is this logic? It is not; and one is seriously tempted to call this not *logic*, but '*zoologic*.' I consider that this super-tax on these steamer companies is not a just one, and the only remedy for that is not to impose it at all and to accept the Honourable Member's amendment in full.

Mr. A. D. Pickford: Sir, what is the position of the suggestion that the Honourable the Finance Member made which I was prepared to accept?

The Honourable the President: As far as the Chair is concerned, the position of that suggestion is that it never reached the form of an amendment. Ample opportunity, I think, was given for it to be put as an amendment, but the amendment was never moved.

The Assembly divided as follows :—

AYES—14.

Abdulla, Mr. S. M.	McCarthy, Mr. Frank.
Agarwala, Lala G. L.	Muhammad Ismail, Mr. S.
Ahmed, Mr. Zahir-ud-din.	Mukherjea, Babu J. N.
Carter, Sir Frank.	Pickford, Mr. A. D.
Gidney, Lt.-Col. H. A. J.	Price, Mr. E. L.
Gour, Dr. H. S.	Spence, Mr. R. A.
Gulab Singh, Sardar.	Watson, Sir Logie Pirie.

NOES—51.

Abdul Quadir, Maulvi.	Jatkar, Mr. B. H. R.
Aiyer, Mr. A. V. V.	Jejeebhoy, Sir Jamsetjee.
Aiyer, Sir Sivaswamy.	Joshi, Mr. N. M.
Amjad Ali, Mr.	Kabraji, Mr. J. K. N.
Asjad-ul-lah, Maulvi Miyan.	Latthe, Mr. A. B.
Ayyar, Mr. T. V. Seshagiri.	Mahadeo Prasad, Mr.
Bagde, Mr. K. G.	Mahmood Schamnad, Mr.
Barodawalla, Mr. S. K.	Mudaliar, Mr. Sambanda.
Bhargava, Mr. J.	Mukherjee, Mr. T.
Chaudhuri, Mr. J.	Nand Lal, Dr.
Crookshank, Sir Sydney.	Nag, Mr. Girish Chandra.
Dalal, Sardar B. A.	Neogy, Babu Khitish Chandra.
Das, Babu Braja Sundar.	Norton, Mr. Eardley.
Dwarkadas, Mr. J.	O'Donnell, Mr. S. P.
Fell, Sir Godfrey.	Rajan Baksh Shah, Mukhdum Syed.
Gajjan Singh, Mr.	Ramji, Mr. Manmohandas.
Ghulam Sarwar Khan, Mr. Chaudhuri.	Rangachariar, Mr. Tiruvenkata.
	Reddiyar, Mr. M. K.
Ginwala, Mr. P. P.	Samarth, Mr. N. M.
Girdhardas, Mr. N.	Sarfaraz Hussain Khan, Mr.
Hailey, The Honourable Mr. W. M.	Singh, Mr. B. P.
Hajeebhoy, Mr. Mahomed.	Sircar, Mr. N. C.
Holland, The Honourable Sir Thomas.	Subzposh, Mr. S. M. Zahid Ali.
Hutchinson, Mr. H. N.	Venkatapatiraju, Mr. B.
Ibrahim Ali Khan, Nawab Muhammad.	Vishindas, Mr. Harchandrai.
Iswar Saran, Mr.	Waghorn, Colonel W. D.

The motion was negatived.

Mr. R. A. Spence: Mr. President, the amendment standing in my name was drafted with the idea that the House would have accepted the principle of differentiating between Inland Steam Vessels and Railways, and as the House has not accepted that view my amendment will have to be altered in so far as it merely now concerns Schedule I, section 3, that is, instead of the proposals put forward by Government that there should be a surcharge based on the maund irrespective of distance, my amendment is that the surcharge should be a percentage of the freight paid.

The debate that we have just now had is one which some people might think is very opportune as it has given me a good many ideas, and therefore it has given me an opportunity of distinguishing myself, but it may give me an opportunity of extinguishing myself if I cannot deal with the various points that have been brought up by the Members. There is one thing, Sir, that I noticed, and it is this. I heard that this surcharge that was going to be placed would bear upon the poor people. I think the Honourable the Finance Member will bear me out in saying that this surcharge is one which is not going to bear upon the poor people at all, whether you have it in the form of a percentage as proposed by me or in the form proposed by the Honourable the Finance Member. It is merely a charge made by Government in order to meet the deficits which have occurred in the Budget which, I think, are mainly due to their not having revised the Railway Tariff early enough, and it only means a very small percentage on the cost of freight. It has got nothing to do with the cost of the articles. Now, my contention is, Sir, that the proposals of Government, as based at present, are unfairly based, for I maintain that they lay an extra burden on the man who draws his supplies from a short distance, and if I am wrong in my contention that this charge does not bear on the poor people, well then, I certainly think that the charge should be made in the way I suggest, because the poor people bring their supplies from short distances and not from long ones. Now let us take a concrete case that just occurs to me, of a man in Bombay sending away goods, there being a consumer in Poona, a consumer in Delhi and a consumer in Simla. Now, the man in Poona is paying on his particular goods, whatever they may be, 8 annas a maund, and under the Government proposal that man has got to pay a tax of 2 annas in the maund. In other words, that man is paying an extra tax of 25 per cent. on the cost of getting his goods. But you take the man at Delhi with the same class of goods. There the rate per maund is Rs. 3. Government say you merely pay 2 annas in the maund extra and that man is only paying 4 per cent. extra. And then you take somebody up in Simla - the Olympian heights we hear so much about—and there the freight charge is, let us say Rs. 4 per maund. (These are true proportions that I have mentioned on a particular article.) Two annas in the maund in a Rs. 4 per maund charge is 3 per cent. Now, why should certain people who get their supplies from near at hand have to pay more than people who live a long distance away? If you have a percentage charge on freight it is the same for everybody all round.

Now, one great question that naturally comes up is,—you make the suggestion of a precentage basis, but how is it going to affect our revenue? In the speech I made on the Budget, I am afraid I made a mistake. I said that a surcharge percentage of one anna in the rupee would be equal to the Finance Member's estimate of 5½ crores from his proposals. Well, I cannot find the figures on which I based that, and I am afraid I may be a little bit wrong, because I see, looking up under Railways, that the gross earnings from all the railways in 1918-1919 from goods traffic, that is, general merchandise, military stores, coal and coke, live stock and other goods traffic, was 49 crores. Well, you have got to deduct from that a certain amount for military stores presumably, but there has been an increase in traffic, I should think, and we may take it that from the total goods traffic on railways the gross receipts are Rs. 50 crores. Now, 12½ per cent. of that would give you Rs. 6¼ crores. If, however, you take the Rs. 49 crores that I have mentioned and deduct the Military traffic, you get only just over Rs. 47 crores, and a 12½ per cent. tax comes to Rs. 5,90,00,000, so that from that point of view we are going to get as much money as we are from the proposals of the Honourable the Finance Member. In fact, we are going to get possibly a little more, and I hope, in view of that, that those Members who have got amendments coming after me for imposing a different rate for coal, coke, etc., or whatever it might be, will not vote against my proposal, because, I think, they will admit that the percentage basis is the fairest.

Now one of the reasons why it is necessary to make this surcharge at all, is that—you heard this very strongly just now—it is due to the Railway Board not having revised their rates. Now if they revise them, they should revise them in the form of percentage and if they are going to take off the surcharge when they have got the rates revised, the surcharge could be best made in the form of percentage—so much per maund, which would amount to the same however far the goods go.

I do not think I need detain the House any longer, but I would ask the Honourable the Finance Member to consider that, in view of the fact, that the alteration will not reduce his Budget—may, in fact, increase it—it is a much fairer way. I do trust, Sir, that the Honourable the Finance Member will accept this amendment.

The Honourable the President: I understand the Honourable Member moves his amendment as regards the Schedule.

Mr. R. A. Spence: Sir, if I may, I should like to say that as the House has thrown out the differentiation between railways and steamship companies, my other amendment was based on that and it now practically comes down to the Schedule.

May I point out again that I want the vote to be on the net freight charge. I understand that in some cases there is a certain charge made by the railway companies for goods and then a rebate is given off those goods on the railway receipt. It is not a question of giving back money afterwards.

The Honourable Mr. W. M. Hailey: When Mr. Spence first put this proposal to us in the course of his speech on the Budget, I thought it was a matter that ought to be considered by the proposed Joint Select Committee. It is a somewhat technical matter, and one which requires a good deal of expert consideration; but in the interval my Honourable friends Sir George Barnes and Colonel Waghorn have discussed the question with me with a view to comparing the merits of the percentage system and the surtax system. As Mr. Spence says, the advantage of the percentage system is that it gives traffic the benefit of the special terms which railways always arrange to suit the capacity of different classes of goods to bear particular rates. Certain classes of raw materials, such as limestone, for instance, can only bear low rates, and in practice they get the benefit of such rates; the railways also, where necessary, give special terms for long distances. And the advantage of the percentage rate is of course that the goods which obtain the benefit of these special rates would also obtain the same benefit under the percentage system.

There is, of course, an additional advantage in that the booking clerk in preparing a way bill would find it far easier to make a percentage addition, so long as the actual calculation is not too difficult, rather than draw up a bill for surtax. I am free to admit that there has been some slight difference of opinion among ourselves on the subject. I do not think that the Railway Board like the proposition as much as I do, but I confess myself that on the whole it has many attractions, not the least of which is perhaps that it will render the task of revising the goods rates easier than if we were to put on an enhanced surtax, because the railway companies will then have some experience of the working of the percentage addition to their existing goods rates. Well, Sir, when we discussed this case we considered it as a whole. I know that Honourable Members here feel that we ought not to increase the burden in respect of a certain class of articles, such for instance, as food grains, fodder and fire wood. I have made a calculation to see how a percentage rate could be worked in the fairest manner possible to all interests. I could not, I am afraid, accept the two annas which Mr. Spence has put forward, but I am prepared to suggest that instead of two annas, we should take 2½ annas but, in return for that, we should free entirely food grains and pulses, firewood and fodder, not only from the increased surtax but from the existing surtax. That is to say, they would bear no surtax of any kind. I put that forward, Sir, as an alternative. The tax would be on the net freight and it would include what is known as 'other coaching traffic,' excluding passenger traffic. No tax would be imposed in respect of coaching passenger traffic. If that is

done, I think that the sum that would be realised would be practically equivalent to that which I put forward in my budget proposals.

Sir Sivaswamy Aiyer: Sir, I wish to ask a question or two of the Honourable the Finance Minister for my information. At present I myself and a number of my friends here feel rather befogged on this subject. We do not exactly know what the effect of these proposals will be. One point upon which I wish to elicit information is this,—whether as the result of this amendment any portion of the surcharge will go to the benefit of the Railway Companies or not. Presumably not. I wish to know whether I am right.

Then, Sir, the other point upon which I wish to have information is this. At present there are concessions made by the Government, I believe by executive notification under the Railways Act, exempting district boards from the payment of surcharge upon road materials and things of that kind. Some of the district boards have been very much exercised by our surcharge proposals, and I have in my hand a telegram from a district board in the Madras Presidency, requesting me to urge upon the Government the need for a continuance of the exemption, which they have hitherto enjoyed What I wish to know from the Government is, whether the concessions hitherto granted to district boards in respect of the carriage of road materials and so on from the present surcharge will be continued to them in respect of the surcharge now proposed to be levied.

The Honourable Mr. W. M. Hailey: Sir, I can answer at once my Honourable friend's questions. This is a tax and no part of it will go to Railway Companies. As to the second question I know that the Railway Boards, particularly in Madras, have taken a very great interest in this matter. My Honourable friend has brought with him one telegram that he has received on the subject. If I have not brought with me, Sir, all the telegrams I have received on the subject, it is because I wish to husband my strength; my office is full of them.

We grant those concessions now. We shall go through the list of concessions that are now granted under the existing Act, and we shall endeavour, as far as possible, to maintain them. These are granted under executive orders, and are not specifically provided under the Act. We shall retain under the new Act the same power of granting concessions, and we shall go through the whole list, and, as far as possible, maintain them.

Sir Frank Carter: I should like to ask one question, Sir. The Honourable the Finance Member in his speech said that there was at present a free zone for goods carried 10 miles or less, which he proposed to extend to 20 miles. I do not see anything in this Act with regard to the increase in the mileage

The Honourable Mr. W. M. Hailey: We do not need a free zone at all now, Sir.

Mr. R. A. Spence: Sir, in view of what the Honourable the Finance Member has said, for which I am very grateful, may I crave leave of the House to be allowed to alter my amendment so that after the words 'all goods' in column 1, the following words be added, namely, 'except foodstuffs, grains and pulses, firewood and fodder.' They will meet what the Honourable the Finance Member was good enough to say Government will agree to. Those words will meet, I think, also the amendments standing in the names of other people, and I hope that the amendment as amended will meet the wishes of the House.

And then in column 3, Sir,—I beg the Honourable the Finance Member's pardon for leaving out the most important part—for the rate of tax, 2½ annas be inserted instead of two annas.

Rao Bahadur T. Rangachariar: I wish to have a doubt cleared, Sir. I quite see the simplicity and the advantage of the process suggested by the Honourable Mr. Spence, namely, a uniform increase of 2½ annas on the existing rate per rupee of freight. What I am doubtful about is, whether, when you call it freight, it will go to the Government. I have not got the Act with me, and I do not know how this amendment will affect our right to that freight if you call it freight, I only raise a doubt. But so long as it is clear that every pie of it will go to the Government, I am quite in sympathy with the motion. I am only doubtful whether the freight will go to the Government.

The Honourable Mr. W. M. Hailey: Sir, I think I can clear that doubt also. I have here the existing Act that makes it quite clear that this is a tax. The Railway Companies take no share whatever of the existing surtax, and they will take no share under the same law of the proposed surtax.

If it is now decided to put the amendment to the House, Sir, I would ask that it be completed by the addition of the words 'all goods including other coaching traffic,' but excluding, of course, the items mentioned byMr. Spence, in the first column.

Mr. E. L. Price: Sir, I cannot quite understand the matter. It seems to me that surely this amendment of Mr. Spence would give Government a great deal more than they originally asked for. The original demand was for two annas per maund. Now they are going to take 2½ annas in the rupee. Surely that is a very much bigger thing.

The Honourable Mr. W. M. Hailey: I can show the Honourable Member the figures; they have been worked out in some detail.

The Honourable the President: Amendment moved:

'That in clause 4, all the words after the figures '1921' be deleted, and in their place the following be inserted:—

'For the first Schedule to the Freight (Railway and Inland Steam-vessel Tax) Act, 1917, the following Schedule be substituted, namely:

'*Schedule 1.*

1	2	3
Goods.	Unit or method of taxation.	Rate of Tax.
All goods including other coaching tariff but excluding foodstuffs, grains, and pulses, firewood and fodder.	Per rupee of net freight payable under existing Acts.	'Two and a half annas.'

The amendment was adopted.

The motion:

'That clause 4, as amended, stand part of the Bill'

was adopted.

The Honourable the President: I think I am right in saying that the decision just made by the House in amending clause 4 entails the omission of the existing Schedule 4 in the Bill. We have substituted for it a new method of calculating surcharge.

The Honourable Mr. W. M. Hailey: May I move as a formal amendment:

'That the fourth Schedule to the Bill be deleted.'

as we have now agreed to a different method?

The motion:

'That Schedule 4 be omitted'

was adopted.

The motion

'That clause 5 stand part of the Bill'

was adopted.

SCHEDULES.

Mr. J. K. N. Kabraji: The amendment which I beg to move is this:

'That in the proposed Schedules to the Income-tax Act—

(1) for the figures '5,000' wherever they occur the figures '3,000' be substituted;

(2) for the figures '10,000' wherever they occur the figures '6,000' be substituted;

(3) for the words 'two pies' in Schedule I the words 'three pies,' and for the words 'four pies' in the same Schedule the words 'six pies' be substituted.'

I have proposed the amendment in case it is necessary to make up any loss on the tariff Schedule. I am not quite clear to what extent the tariff Schedule has been amended altogether because the consideration of some amendments has been postponed, notably the amendment for raising the duty to 12½ per cent. instead of to 11 per cent.

I should like that to be discussed and disposed of first before I can move my amendment to the fifth Schedule. I therefore request that the consideration of my amendment may be postponed, until the remaining amendments to the first Schedule have been disposed of.

The Honourable the President: Order, order. I think that in the conditions under which the original motion for postponement was accepted by the Assembly, the presumption is that the Finance Member must be in full possession of all the changes in the rates before he has made up his mind whether he is prepared to raise the rate from 11 to 12½ per cent. Therefore I think the Honourable Member is not in order in asking for a postponement of this motion.

Mr. J. K. N. Kabraji: I was given to understand by the Honourable Mr. Hailey that the amendment to the Income-tax Schedule would be taken up last of all.

The Honourable the President: No doubt the Honourable the Finance Member imagined that it would be taken up last. He probably did not then know that circumstances

would arise which would necessitate the consideration of the first Schedule, which would carry the heading of part V of the first Schedule to the very end of the consideration of the whole Bill.

Mr. J. K. N. Kabraji: In that case I have no wish to press the amendment.

Dr. Nand Lal: On a point of order, Sir, since the Bill is before the House, though the amendment is withdrawn or not pressed, we can go into the merits of the Bill and I hope the Chair will allow me to go into its merits before I oppose the Bill.

The Honourable the President: The Honourable Member can oppose the Bill when the motion is put that the Bill be passed.

The amendment was, by leave of the Assembly, withdrawn.

ARTICLES LIABLE TO *AD VALOREM* DUTY.

Mr. R. A. Spence: Sir, I think that the few words which I said to the House might still be in their memory and therefore there is no necessity for me to go over the matter again and I, therefore, merely formally move :

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*' the following heading be substituted 'Articles which are liable to duty at 12½ per cent. *ad valorem*'.'

The Honourable Mr. W. M. Hailey: Sir, the House will very well understand the struggle within my breast. I believe that the House would give me that 12½ per cent. if I asked it now and I believe that, if I got it, my position would be much securer; I might look those complicated and sometimes embarrassing statements regarding our balances which come to me once a week, I might look them in the face with a great deal more confidence. But, at the same time, I am bound to admit that I believe that the taxation which the House has already passed will give us what we asked for on the 1st of March, and I am therefore not justified in asking for this addition to our resources.

The Honourable the President: the question is :

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*,' the following heading be substituted :—

'Articles which are liable to duty at 12½ per cent. *ad valorem*'.'

Mr. E. L. Price: Sir, I was under the impression that this was going to be put to the vote, but now I understand that the Honourable Member who proposed this is willing to withdraw—(Cries of 'No, he is not—)' Well, his friends will not allow him to do so. I do appeal to this House, a House which has this morning rejected a tax on a luxury or a quasi-luxury that would have brought in a crore of rupees, that, contrary to the wish of the Honourable the Finance Member, it should *not* impose extra and unnecessary taxation in a Schedule which covers a large number of articles in daily use and in fact of universal necessity.

Mr. N. M. Samarth: Sir, I have my doubts as to whether the estimates which we have had from the Honourable the Finance Member as to the revenue will be realised. He has taken one shilling and eight pence as his average of exchange. I have my doubts whether he will be able to realise in the course of the year that average. If he is not able to realise that, the revenue will fall short of his expectations, and it is on that ground that I strongly support this motion to raise the duty from 11 to 12½ per cent. People may sometimes think that, where the Honourable the Finance Member is not willing to raise it, it is none of our business to ask him to do so. Why should we raise it? I beg of you to take it from me that it is not my desire to make the country pay more than what the Finance Member would have to ask it to pay in the larger interests of the country. But you must also remember that a reference was made to what is called the Lancashire agitation and I should not be surprised if the Honourable the Finance Member is fighting shy of an agitation of that character being set up in England. Whether he is or is not, I should strongly advise this House, to come to his rescue in spite of himself and raise the duty from 11 to 12½ per cent. in order that his estimate of one shilling and eight pence, which is not, I am afraid, going to be realised, may not land us in another difficulty.

Lala Girdharilal Agarwala: Sir, one additional reason why I want to press that the duty of 12½ per cent. may be accepted is that I have had an informal conversation with some of the Members of the Council of State and they think that some of the rates, for example on letter postage, should be reduced. And it would be very convenient to the Honourable the Finance Member, when the Bill goes to the other House, to have a little more in his pocket.

I therefore submit, Sir, that this Honourable House should accept the proposal and leave some room for reduction in other items.

Mr. J. Chaudhuri: Sir, I beg to oppose this motion. I have already said that piece-goods manufactured in this country go up in price according to rises in the price of imported goods. I do not desire that piece-goods should further go up in price. Some people have said that fixing this duty at 12½ per cent. will make calculation easy, because that will

work out to two annas in the rupee. But knowing the practice of shopkeepers we know that if we raise the duty to 11 per cent., they will realise from their customers 12½ per cent. But if we fix the duty at 12½ per cent. they will very likely, instead of putting an additional two annas on the rupee, put up the prices by three annas. So I think this fixing of the duty at 11 per cent. will put a check on the ordinary traders in raising the value of the goods by more than two annas in the rupee. As it is, we know by going round the market for buying things that these petty shopkeepers have put up their prices all round. A friend of mine, a member of this House, went to buy biscuits and was told by a shopkeeper only yesterday—'Don't you know, the Sirkar has imposed 50 per cent. duty on this thing, so I want 50 per cent. more.' So if the duty is fixed at 12½ per cent. unscrupulous traders will take great advantage of it, whereas the fixing of it at 11 per cent. will put a check on the further raising of prices, either by the Mills or by the traders, and for that reason I oppose this motion.

Sir P. S. Sivaswamy Aiyer: Sir, with all respect to the gentlemen who have moved this Resolution and spoken in support of it, I must confess that it sounds to me very strange and incomprehensible. The Honourable the Finance Minister told us that he would be quite satisfied with the rate of 11 per cent which he had proposed and that it would bring him in all the revenue that he wants for the requirements of the year. Now we propose to offer him an extra 1½ per cent. and thereby increase the burden on the consumer and put more money into the pockets of the Government to pursue a policy of extravagance, or if you would like so to call it, profligacy, by increasing the salaries of Government servants, increasing the staff and committing all those atrocities with which we generally credit them. Well, it looks to me very much like cutting off your nose to spite your face. The reason given by Mr. Samarth is this : The merchants of Manchester wish to interfere with our right to levy our own import duties, and for the purpose of making an emphatic assertion of our right we should tell them that we are going to raise it to 12½ per cent. . . .

Mr. N. M. Samarth: I rise, Sir, to offer a personal explanation. This is not what I said. I said, I wanted to . . .

The Honourable the President: Order, order.

Sir P. S. Sivaswamy Aiyer: Now, Sir, I do not think that that is a sufficient justification for raising the rate of tariff. I am sure that if necessary the Honourable the Finance Minister will get up now and assure us that at the back of his willingness to be content with 11 per cent. there is really no feeling of tenderness for Manchester, and no feeling of unwillingness to fight Manchester upon this point. I believe it is really nothing more than a perfectly justifiable and proper desire to protect the interests of the consumer and the tax-payer, and, therefore I think it is our duty to support the Finance Minister's proposals and be content with the burdens which have been already laid and not be a party to any increase of the burdens. If perchance the revenue that is anticipated from these sources is not equal to expectations, Government will, of course, come to us again with fresh measures; but that is a thing which we need not anticipate now. I am perfectly certain that if you go to the country no one in your constituencies will thank you for this addition to the burden by 1½ per cent. I would strongly oppose this Resolution.

Chaudhuri Shahab-ud-Din: Sir, I had no mind to speak on this motion, but as I find some difference of opinion among the members, I feel it my duty to say a few words. I strongly support the duty of 12½ per cent. It was in this very Chamber, in this very House, that the other day we expressed to the Finance Member our desire to find money for building soon the new capital of India. It was in this very House that we discussed the necessity of developing Indian industries. It was on this ground that one of the Honourable Members of this House proposed an hour ago that the customs duty on sugar should be raised from 15 to 25 per cent. It is yet under consideration whether the Postal rates which were passed yesterday should, with the consent of the Government and of the President, be reconsidered. In view of all these considerations, I very strongly support the duty of 12½ per cent. I do not think that Government, if they get a little surplus revenue, will become extravagant. I think we can rely upon the good sense and wisdom of our Finance Member. With these words, Sir, I support very emphatically the proposal to charge 12½ per cent.

Dr. Nand Lal: Sir, I confess, my experience, as a member of the legal profession, has never brought this sort of case before my eyes: the plaintiff demands a certain amount of money, and the defendant says 'I am prepared to give more.' I have never heard of a case of this type. Here the Government put forward certain demands, based on certain rates, and this Honourable Assembly is going to suggest to the Honourable the Finance Member that we are prepared to give more. I ask the members of this Honourable Assembly, what answer will you give to your constituents if a question is put to you? What answer have you got? They will say 'you have been putting burdens, yourself, upon our heads; you have been giving money extravagantly; Government did not want so much, you yourself induced Government to charge us so much.' On this ground I oppose the motion, which, I think, has been wrongly moved before this House.

Mr. N. M. Joshi: I rise, Sir, to oppose the motion for raising the import duties. It seems to me that in this Assembly the manufacturers and the industrialists are represented in a larger measure than they ought to be.

Sir, every one knows that the import duties will fall upon the consumers whose number is after all much larger than of those who will benefit by the Industries. Therefore, this Assembly which claims to represent the larger number of the people of this country should not support the motion that has been put forward. We do not want more money, the Government does not want more money, so why should we add to the revenues of the Government and give them an opportunity to spend more money when it is not necessary at the cost of the people of this country ?

Mr. Jamnadas Dwarkadas : Sir, I have great pleasure in supporting the motion which has been proposed by my Honourable friend Mr. Spence. I cannot understand, Sir, the objections,—I may say with great respect,—raised by my Honourable friend Sir Sivaswamy Aiyer against the acceptance of the motion. Sir, when the Honourable the Finance Member proposed that a duty of 11 per cent. be imposed on all imported articles, it was contended that, after all, the masses, the poorer classes, will not have to bear the burden, because the articles that are imported are not largely consumed by the poorer classes. Now when the question comes of raising a per cent and a half more, the argument is adduced by the representative of labour in this Assembly that the poorer classes will be affected . . .

Mr. N. M. Joshi : I did not say poorer classes at all. I said consumers.

Mr. Jamnadas Dwarkadas : Well, Sir, if that class of consumer is going to be affected which surely does not mind paying 1½ per cent. more, more especially in view of the fact that his paying 1½ per cent. more is going to give an impetus to the industries of this country, then I say this Assembly is justified in raising 1½ per cent. more.

But, Sir, the other objection that was raised by the Honourable Sir Sivaswamy Aiyer and my Honourable friend Mr. Joshi was, why we should give more money to Government than it wants. I want to emphasise the cogent argument advanced by my Honourable friend Mr. Samarth. The item of exchange is not a certainty, and at the end of the year we shall find ourselves in a very awkward position unless we have made provision by raising 1½ per cent. But, Sir, I appeal to this Assembly on a ground which, I am sure, will carry weight with them. I am sure that there is not one member in this Assembly who does not believe in the growth of swadeshism in this country. I believe that there is not one member who would not, if he could manage it, use swadeshi articles so as to encourage all the Indian industries in this country. Well, if the profession is not merely in words but it is also in practice, then, I think, it is incumbent on every member of this Assembly if he is a real swadeshi, to raise 1½ per cent. more and not reject this motion.

Mr. J. P. Cotelingam : Sir, I rise to support the amendment, although there are a few cries here and there in the Assembly against it. The arguments advanced by my Honourable friend Mr. Samarth appeal to me as sound as they are based not for spiting Lancashire as alleged, but on his doubts as to whether the average of 1*s.* 8*d.* being realised by the Honourable the Finance Member. Well, if the Honourable the Finance Member assures this House that the average will be maintained throughout the year . . .

The Honourable Mr. W. M. Hailey : No.

Mr. J. P. Cotelingam : The Honourable the Finance Member says he cannot give us an assurance to this effect. Therefore, Sir, I should like to see that some provision is made to meet unforeseen contingencies.

Sir, in the few remarks that I made on the Budget speech, I appealed to the Honourable the Finance Member to take into consideration the demand made by the country that some relief should be given to the holders of 3½ per cent. and 4 per cent. securities. I also asked that the postal rates be not oppressively increased with a view to meet those demands, I then said that the import duties may be raised to 12½ per cent. so that the necessary funds may be found. I therefore support the amendment.

Dr. H. S. Gour : Sir, I should not have thought that this House, which had treated this Budget with such severe parsimony in the earlier stages of its discussion, would exhibit a sudden outburst of magnanimity by raising the customs duties from 11 to 12½ per cent. and presenting a farewell gift of Rs. 1½ crores to the Honourable Finance Member, about whom many words, quotable and otherwise, have been printed and spoken in connection with this Budget. Now, the more I see this great divergence in the views of the Honourable Member between the outset and now, the more suspicious I become as to what could have been the object in suddenly presenting the Honourable Finance Member with money which evidently he does not want. He says he would be glad to have the money ; I should be glad to have it too ; but that is not the question : the question is, has he demonstrated the necessity for this general taxation which will increase the price of all things in this country by at least 1½ per cent.?

A great many of my friends have made no secret of the fact that this rise from 11 to 12½ per cent. is intended for the purpose of creating a protective wall against outside imports. Now, Sir, so far as we, the general public, are concerned, we are not interested in the manufacturers of textile goods, we are not interested in the profits of the middlemen ; we represent the general public at large, and our sole object at this present moment is to see whether this increase of customs duties from 11 to 12½ per cent. is in the interests of that public.

Now, I submit, Sir, unless I am assured that the revision that this Assembly has made in the Budget involves a loss of Rs. 1½ crores which has to be made good, I am not convinced that a *prima facie* case has been made out for raising the customs duties from 11 to 12½ per cent. I have still to hear from the Honourable the Finance Member that this is the result of our general discussion of the Finance Bill, and I submit, Sir, that so long as we are not assured that this money is necessary for the purpose of tiding over this year of scarcity and famine, I should be most reluctant to vote one single pice more than the Honourable the Finance Member demands and needs. The Honourable Mr. Cotelingam conjured before himself the possibility of the exchange not being at 1*s.* 8*d.* which figures in the Budget. I am no prophet in exchange matters, no more than the Honourable the Finance Member, and I do not ascribe to Mr. Cotelingam any greater infallibility in that respect.

It has been said *ad nauseam* that the Budget is a gamble in rain. It may be said with equal truth that the Budget is a gamble both in rain and in exchange. I therefore submit that we know absolutely nothing as to what course the exchange is likely to take any more than we know what will be the nature of the monsoon in the ensuing season ; and unless I am sure of both, I am not in a position to predict whether this Budget will be a budget of a surplus or of appalling deficit. We have no right to assume that our expenditure will be heavier than what has been budgetted for. Let us not present in advance a pessimistic picture to ourselves and mistake our real intention of enhancing the customs duties while we are about them, for the purpose of taxing the textile fabrics. Sir, I feel with the opening statement of the Honourable the Finance Member that the customs duty must be regarded as primarily made in the Budget solely as a fiscal measure intended for the purpose of raising the revenue. I submit that on no account should it be permitted to be distorted from its normal purpose by converting it into a protection tariff. This suggestion—the enhancement of the customs duty from 11 per cent. to 12½ per cent.—has manifested a clear desire that their intention is to create a protection for the whole of the textile industries to the detriment of imports that come from another border of the British Empire. I feel, Sir, that as a member of the British Empire, I have also a duty towards that Empire. Therefore I say that while our duty is primarily to this country, we must not overtax the people on a mere possibility for the sake of meeting a contingency which may never arise. It is one of the principles of political economy which we learnt in our earlier days that taxation must be commensurate with the demands of the State. Here we have provided the Honourable the Finance Member with the sinews of war to the extent necessary for the ensuing financial year, and I submit no case whatever has been made out for raising this revenue—as some Honourable Members have said—to meet a possible contingency.

If such a contingency arises, I say there will be time then for this Assembly to act, but we have no right whatever to anticipate that time and I therefore submit that this Assembly should vote against the amendment moved by Mr. Spence on the short ground that no case has been made out for enhancing the customs duty from 11 to 12½ per cent.

Mr. Harchandrai Vishandas: Sir, may I propose that the Honourable the Finance Member do now reply to the question raised relating to exchange and then the debate be closed?

The Honourable Mr. W. M. Hailey: Sir, the duty of the Finance Member is to prepare the best estimates he can and then to put before his Legislature the easiest and the fairest and the most equitable way possible of getting the necessary money. If, in the course of dealing with his proposals for expenditure, the Legislature makes any changes in them which decrease the amount of the assumed expenditure, it is his duty to indicate to the Legislature the consequences that will be involved in regard to any proposal for taxation before the House. That, Sir, is what I have attempted to do. I put forward the best estimates I could frame, and nothing has occurred since, save of course in so far as the House has varied our demands for grants which justifies me in saying to the Legislature that these estimates must be modified. Take the item of expenditure first. I am bound by the votes passed by the Legislature. Some Honourable Members have suggested that if we had larger resources at our disposal, expenditure might be incurred under certain heads; but we, as a Government, are bound by the votes which have been given to us and, even if we found ourselves in possession of the most enormous windfall, we would not spend more money on these objects than the House has seen fit to vote. There is one item of expenditure, however, which I admit is uncertain, the item to which the Honourable Mr. Samarth has referred, namely the expenditure which will be incurred on account of any loss in exchange. That, Sir, was a doubtful item when I put it forward : I put it forward as a doubtful one and it remains a doubtful one. Exactly the same arguments apply now as applied then; I do not now feel justified in asking the House to make a larger provision for loss in exchange, simply because the facts were so uncertain. I admit—to come to the other side of the account—the revenue side—I admit that I have had sometimes misgivings whether we have not pitched our

estimates of revenue receipts too high. Many Honourable Members here, well acquainted with the state of trade and with far better capacity than I can ever possess for estimating its possible course for the next twelve months, have hinted the same that we have been unduly optimistic. If our estimates of receipts are not achieved, there will of course be a deficit. But there again, Sir, the factors are indeterminate; and it would be altogether going beyond my proper functions if I were to say to this House that I have put forward estimates which are so uncertain that I must ask them to make a large extra provision to guard against any exigent happenings during the course of the year. Well, Sir, I have tried to give briefly what are the functions of the Finance Member and how I have tried to perform them. But I may say there is one thing always present in the mind not only of every Finance Member but, I think, of every Member of Government. Whatever the uncertainties before one may be in the course of the year, however unpleasant it may eventually be to have to face a deficit, yet there is always one sound principle. Taxation is always to be deplored. And every Member of any responsible Government always try to keep taxation down as low as possible. It is because I have tried to do that that I may possibly have put myself in a position of some slight risk—perhaps even, as some Members might here think, of considerable risk—of having to face a deficit. But, Sir, I would rather have to take risks of that nature than I would involve myself in the certainty of imposing one pie more of taxation than I thought was immediately necessary.

Mr. Harchandrai Vishindas: Sir, I move that the question be now put.

Mr. Amjad Ali: Sir, I beg permission to say something. Since I have been attending this Budget discussion, nothing has appeared so shocking to me or so ridiculous to me as this amendment and the speeches in support of that amendment. Sir, since the Budget is being discussed here, the Honourable the Finance Member has been opposed and cried down that he has been taxing the people right and left and that the poor people will die of these heavy taxes. Now that it is about to be closed, I find a sudden outburst of charitable feeling on the part of certain Members of this House towards the Honourable the Finance Member. Sir, I fail to understand the wisdom of this amendment and the speeches in support thereof. I should only style that amendment and the speeches in support thereof as altogether ridiculous, and as a measure adopted to do a good deal of injustice to the poor people whom we represent. Sir, it is certainly our duty to represent our people and also to be of great help to the Government in the matter of revenue. No doubt about that. But at the same time we should bear in mind that we should do things either for the people or for the Government fairly and squarely. What strikes me most in this amendment, Sir, if I mistake not, is this, that the Honourable the Finance Member would be exceedingly pleased to hear the speeches of the Honourable Mover and his supporters, that they are going to give him some more money which he does not want. He will be very much pleased and say: 'Oh! these Members are coming with money to help me'. But they should bear in mind that he represents the Government and that it is his first duty to see that no slur is cast on the administration of Government. He knows it fully well that any amount of flattery, any amount of cajolery on the part of any particular member will not help him an inch. On the contrary, Sir, it will cast a slur on the administration and will give the people outside and the newspapers full opportunity to criticise the Government, to criticise the Finance Member, and also criticise the Members of this House as mercilessly as they have been doing since the creation of this Assembly. I therefore beg to submit to this House that we should not lend any support to this flattery. On the contrary, we should set our face against this sort of flattery.

At this stage several Honourable Members rose and moved that the question be now put.

The Honourable the President: The question is that the question be now put.

The motion was adopted.

The Honourable the President: The question I have to put now is, that the following amendment be made:

'That in Schedule I for the heading 'Articles which are liable to duty at 11 per cent. *ad valorem*', the following heading be substituted:

'Articles which are liable to duty at 12½ per cent. *ad valorem*.'

The Assembly divided as follows:

AYES—21.

Afsar-ul-Mulk Akram.	Jejeebhoy, Sir Jamestjee.
Barodawalla, Mr. S. K.	Keith, Mr. W. J.
Bhargava, Mr. J.	Man Singh, Bhai.
Cotelingam, Mr. J. P.	Muhammad Ismail, Mr. S.
Dwarkadas, Mr. J.	Rajan Baksh Shah, Makhdum Syed.
Ghulam Sarwar Khan, Mr. Chaudhuri.	Ramji, Mr. Manmohandas.
Ginwala, Mr. P. P.	Reddiyar, Mr. M. K.
Girdhardas, Mr. N.	Samarath, Mr. N. M.
Hajeebhoy, Mr. Mahomed.	Shahab-ud-Din, Mr. Chaudhuri.
Ibrahim Ali Khan, Nawab Muhammad.	Spence, Mr. R. A.
	Subzposh, Mr. S. M. Zahid Ali.

NOES—56

Abdulla, Mr. S. M.	Jatkar, Mr. B. H. R.
Abdul Quadir, Maulvi.	Joshi, Mr. N. M.
Ahmed, Mr. Zahir-ud-din.	Kabraji, Mr. J. K. N.
Aiyer, Mr. A. V. V.	Latthe, Mr. A. B.
Amjad Ali, Mr.	Mahmood Schamnad, Mr.
Asjad-ul-lah, Maulvi Miyan.	Maw, Mr. W. N.
Ayer, Sir Sivaswamy.	McCarthy, Mr. Frank.
Ayyar, Mr. T. V. Seshagiri.	Mitter, Mr. D. K.
Bagde, Mr. K. G.	Misra, Mr. Pyari Lal.
Bryant, Mr. J. F.	Mudaliar, Mr. Sambanda.
Carter, Sir Frank.	Mukherjea, Babu J. N.
Chaudhuri, Mr. J.	Mukherjee, Mr. T.
Crookshank, Sir Sydney.	Nand Lal, Dr.
Dalal, Sardar B. A.	Nag, Mr. Girish Chandra.
Das, Babu Braja Sundar.	Neogy, Babu Khitish Chandra.
Fell, Sir Godfrey.	Norton, Mr. Eardley.
Gajjan Singh, Mr.	O'Donnell, Mr. S. P.
Gidney, Lt.-Col. H. A. J.	Percival, Mr. P. E.
Gour, Dr. H. S.	Pickford, Mr. A. D.
Gulab Singh, Sardar.	Price, Mr. E. L.
Hailey, The Honourable Mr. W. M.	Rangachariar, Mr. Tiruvenkata.
Holland, The Honourable Sir Thomas.	Rao, Mr. P. V. Srinivasa.
Hullah, Mr. J.	Sarfaraz Husain Khan, Mr.
Hutchinson, Mr. H. N.	Sharp, Mr. H.
Ikramullah Khan, Mr. Mirza Muhammad.	Sircar, Mr. N. C.
Innes, Mr. C. A.	Venkatapatiraju, Mr. B.
Iswar Saran, Mr.	Vishindas, Mr. Harchandrai.
	Waghorn, Colonel W. D.
	Watson, Sir Logie Pirie.

The amendment was negatived.

Mr. Manmohandas Ramji: Sir, looking to the fate of the other proposition which has just been voted on by the Assembly, I am willing to withdraw my amendment.* But I have one statement to make. I put in this proposition not because I wished to raise a protective wall against foreign imports, but, as I had given two notices of motions to do away with the tax on matches and to reduce some other taxation, I therefore gave notice of this amendment in order to meet the deficit.

Mr. M. K. Reddiyar: Sir, I beg to move the amendment which stands in my name. It reads as follows :

'That in Schedule I, from part IV omit item No. 97 altogether and insert it in a separate part headed 'Articles which are liable to duty at 12½ per cent.' *ad valorem* and renumber the other items and parts accordingly.'

Sir, I sent in this amendment in order to place more funds in the hands of Government in order that they should be able to help the Provincial Governments to do away with their contributions to the Central Government.

I move the amendment which stands in my name.

Mr. E. L. Price: Is this in order, Sir?

The Honourable the President: I think it is in order because Mr. Spence's amendment was to substitute 'Articles which are liable to duty at 12½ per cent.' for the 11 per cent. heading. The present amendment adds a new heading altogether. As the lesser was covered by the greater, the amendment moved by Mr. Spence was taken first; but I do not think it excludes the amendment in the name of Mr. Reddiyar.

Mr. N. M. Samarth: Sir, I beg to support this amendment. Apart from the reasons which I gave for the necessity of increasing the revenue so that Government may not be embarrassed by their calculations of one shilling and eight pence not being realised,—and so far as my calculations go, I am afraid, they are not likely to be realised,—there is another strong reason which has been referred to by the Mover of this amendment.

This House will remember that on a previous occasion I pleaded strongly for the 983 lakhs contribution which the Provincial Governments have to make to the Government of India being reduced as early as possible, as recommended by the Joint Parliamentary Committee. Unless the Government of India are placed in possession of sufficient funds and not perpetually be in a position to make somehow the two ends meet, there is absolutely no hope of any of these contributions being reduced or done away with. Bombay is a great sufferer in that respect. We in Bombay have a deficit and that deficit will go on increasing unless the heavy contribution we make under income-tax be removed or decreased . . . .

The Honourable the President: Order, order. We are not discussing the destination of the money but the origin from which it comes.

Mr. N. M. Samarth: My point, Sir, is that I justify this increase of revenue for the Government of India, on the ground that the Government of India may thereby be enabled to give the much needed relief to the Provincial Governments.

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* 'That in the heading to Part IV of Schedule I for the figures and words '11 per cent.' the figures and words '12 per cent.' be substituted.'

Mr. B. Venkatapatiraju : Sir, I would have been glad to support this amendment, but I cannot possibly furnish any reasons to tax the people to the extent of an additional sum of one crore. Who is after all to pay that amount? If I could think that the Manchester people will pay the whole amount, I should vote for it. But after all, it is you and you alone who will have to pay the whole amount, and therefore it is impossible for us to go to the country as messengers of evil, saying that we have increased the taxation even when the Government do not want it. Sir, in any other country would the people's representatives ever care to offer more money or to agree to the imposition of additional taxation which the Government had not asked for. In this case we are in the unhappy position of offering more than we can afford. And we have already had complaints of the extravagance of Government in the general discussion of the budget. I therefore appeal to my friends, though I am just as anxious as they are to help the Provincial Governments in the matter of their contributions, I appeal to them not to let our people be taxed a pie more than is absolutely necessary.

Mr. K. G. Bagde : Sir, it will be clear from the contents of the amendment that is before the House that the intention of the Mover is to benefit the textile industry of this country. I am of opinion that we shall see our industries prospering, but certainly not prospering at the cost of the community. We read of the prosperity of the industries in other countries, but at whose expense, and at whose costs, have they prospered? If we go through their history in detail we shall find that they bring money from other countries. We are told, and we have been appealed to again and again in the name of swadeshi, that we should help our textile industry. Sir, I would remind the House of certain proceedings that took place here yesterday. The question before us was regarding the Hide industry. Is not the Hide industry a swadeshi industry? But what did we do? The sense of the House was against it. We did not help that industry by acceding to the demands made by the advocates of that industry.

But there is another reason also why we should not now support the motion before us. We have got sufficient money, and I see no cause why we should burden the tax-payer more. With these words I oppose the motion.

Mr. M. K. Reddiyar : Sir, I withdraw the amendment.

Khan Bahadur Zahir-ud-Din Ahmed: Sir, I rise to oppose this motion. It has practically come to this, that the plaintiff does not press his claim, but the witnesses support it. Now, I think if this were a court of justice the suit would have been immediately dismissed. When the Government does not need it, we must not assume a superior position and tell them what they should require, especially when the country is suffering so much from famine, and other sorts of diseases.

The amendment was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That Schedule I, as amended, stand part of the Bill.'

The motion was adopted.

The Honourable the President: The question is:

'That Schedule V stand part of the Bill.'

The motion was adopted.

The Honourable the President: The question is :

'That Schedule VI stand part of the Bill.'

Dr. Nand Lal: On a point of order, Sir, I may be permitted to speak. No discussion has been launched on the merits of Schedule VI. Since it is now before the House, it is under the provisions of section 68, it may be discussed, and I beg your permission, Sir, to discuss it. This relates to the super-tax. I may submit, in the first place, that this Schedule, which relates to super-tax, is uncalled for, and I oppose it very strongly. The Members of this Honourable House will bear in mind that every civilised and good Government ought to see that the ability to produce wealth in the country is increased. It should not be hampered. Now, what is this super-tax? Super-tax says that you are an able man, that you possess the ability of gaining more, therefore you should be taxed. Now, the principle which I have laid down before this Honourable House—I need not repeat it—shows that the present demand is not justified. There were no arguments in support of the contention which I am raising before this House if uniformity were to be observed; but in the case of super-tax there is not a shadow of uniformity. The assessee not only pays the tax along with other assessees, but he is also called upon to pay more than the others have paid. What will be the effect of this on the financial, moral, social and political condition of the people and the country in which this super-tax is going to be enforced? Taking the financial aspect of it, it means that the little enterprise which is still in its infancy will be nipped in the bud. Members of this House will bear in mind that some of the banks which are now going on may be weakened owing to this exorbitant super-tax, why? If they earned Rs. 10 lakhs they will have to part with one-fourth of that. The dividend which will be distributed will be distributed after payment of this super-tax. Therefore a good many companies, which are in their infancy now, will be put at a great discount. Similarly, members of professions, who by virture of their ability, influence, or hard work, earn money, would say, why should we

earn? What additional advantage is given to us? The reply on behalf of the Government would be that there is the police to take care of your property, there is the educational department to educate your children, there is the medical department to look after your health; for all these considerations you ought to pay. The assessee will say. 'I am prepared to pay the ordinary tax, but what additional advantages are you going to give me for the super-tax'. 'I am paying ordinary Income-tax, along with the other assessees; what additional compensation are you giving me because you are taxing me so heavily with super-tax'. He will not apply his mind to the pursuit of money, he will not apply his mind to the development of commerce which he has undertaken to do; and what will be the consequence? The wealth of the country will be eventually diminished; the ability, which the country possesses of producing wealth, will be reduced; learning, as a matter of fact, will be at a discount. Then morally what will be the result, when Government is going to impose such a heavy tax? The assessee will try to evade the Super-tax Act, and as all of you know, only that law is good which leaves smaller room for evasion. Every assessee's attempt will be to evade this law, and an evasion of the law means telling a number of lies. He will try to evade this law in one way or another. Therefore, this law which is being passed now cannot be called a good law, because it will affect the morality of the people. That law is good which is adhered to and complied with by the people with satisfaction. If there is any fear of their becoming insincere, owing to that law, then, I am afraid, it is not a good law.

Now socially what will be the effect? If there is a joint Hindu family and the income earned by that family is taxable, so far as the provisions of this Super-tax Act are concerned, the head of that family will try to evade the law and ask his son to go away and try to show that a certain portion of the income which was made, was made separately by him. In this way, accounts will be cooked, forgeries will be committed, and false accounts will be kept. Therefore, the Super-tax Bill, which is before us, will have a very mischievous effect, so far as the phases enumerated above by me are concerned.

Now let us consider what will be its effect on the political conditions? Naturally, companies, banks and other industrial and trading concerns will begin to say 'Oh, Government is going to take one-fourth of our income' and it will give them the greatest possible pinch. The man, who is pinched hard, will never have sympathy with a man who gives that pinch. Therefore on this ground also, I submit that the Super-tax Bill, which is before us, will not bring about the desired result.

On all these points, I submit, the Super-tax Act, which is before the House now as a Bill, will not bring about that gain which is contemplated by the framers thereof, and eventually it will be cause of a greater loss. On these grounds, I very respectfully submit that the members of this Assembly, who represent wealthy men also, have to think about their condition of mind, and I would remind the House of it. This is a crucial work which is being done before this House, so far as our constituencies are concerned. Therefore, I am sure you will give your very great consideration to this point. With this submission I respectfully urge that you will give support to what I have submitted.

Mr. R. A. Spence: Sir, I move that the question be now put.

The motion was adopted.

The Honourable the President: The question is:

'That Schedule VI stand part of the Bill.'

The motion was adopted.

Mr. B. Venkatapatiraju: Sir, at this late hour, I do not propose to take up much of your time. I suggest that the diplomatic words which we are accustomed to find in the Statutes should be replaced by giving reasons. My suggestion is that in the Preamble, for the word 'expedient' the words 'found necessary on account of abnormal growth of expenditure, military and civil' be substituted. Hitherto, Sir, the Government have not been responsible to the people. They did not need to explain why they imposed taxes or why they enacted any law. They have done these things according to their sweet will and pleasure. Now they ask us to share the responsibility. It is the first time in the annals of our country that the Honourable the Finance Minister comes forward with a deficit of Rs. 19 crores and asks that taxes to get about 18 crores should be imposed on the people in one year, and especially at a time when the people are not in very affluent circumstances. Though we have felt our own misgivings, we have voted whatever demands were made by the Government with slight reductions, and to support those grants, we have now passed practically all the provisions of the Finance Bill with slight modifications. And when we go to the people, is it not our duty to explain why we have imposed these taxes? Therefore let us confess what we have done. If the members of the Assembly disagree with me that not on account of the growth of military expenditure and on account of the growth of civil expenditure, but on other grounds we are obliged to make up this loss, it is another matter. If you agree with me that on account of this abnormal growth of military and civil expenditure there was a deficit and to meet that deficit we are providing all this money, I say let us honestly confess it and put it in black and white so that people might understand that on account of absolute necessity we are obliged to tax ourselves to the extent of Rs. 18 crores and when a favourable opportunity occurs we will reduce it.

With that object in view, Sir, I propose this change in the preamble.

The Honourable Mr. W. M. Hailey: Sir, this is really a question of current drafting practice. I do not remember to have found in my researches in the modern Statute-book, that the Lawyers, when drafting other Bills, have given them elaborate and picturesque reasons why they were necessary. I do not, for instance, remember having seen on a Divorce Law, a preamble containing reflections on the frailty of virtue, nor have I seen on a Taxation Act imposing death duties a preamble reflecting on the shortness of human life. There are Acts the object of which is either to reduce or to increase the taxation on liquor. Well, I have never seen them headed with apposite proverbs such as the Greek 'Arsiton men hudôr' or those Hindustanee words which many here perhaps know and which some will appreciate:

'Jabtak na ho sharab

Hai be maza kabab'

Perhaps the Honourable Member would like to see at the head of our Bill the lines of Canning:

'What I give thee six pence, I will see thee *d—d* first'?

Sir, if we once begin this course of explanatory preambulation, I suggest that while we shall render our Statute-book perhaps a little more picturesque and interesting than it is at present, we may perhaps also run the danger of being regarded by our successors as a little whimsical.

Rao Bahadur T. Rangachariar: Sir, perhaps the Honourable the Finance Member will excuse me if I give him precedents for this suggestion. I think he will have read the preamble of the Regulations introducing permanent settlement in Bengal, Madras and other places. Many wicked deeds committed before this permanent settlement was introduced by previous Governments are referred to and it was in order to prevent those wicked deeds, it is stated, that we introduced it. As recently as 1911 in the Acts about the relations between the House of Commons and the House of Lords, I remember quite distinctly that the preamble recited was something like this:

'We are now going to reform the House of Lords by introducing the elected element, till then we must enact these provisions.'

Therefore I can say that there is no novelty in this proposal. Not that I myself support the motion before the House (laughter).

(Cries from Honourable Members of 'Withdraw! Withdraw'!!)

Mr. B. Venkatapatiraju: My Honourable friends seem to be very anxious that I should withdraw my amendment. In deference to their wishes, I am withdrawing it against my will.

The amendment was, by leave of the Assembly, withdrawn.

The Honourable the President: The question is:

'That this be the* preamble of the Bill.'

The motion was adopted.

The Honourable the President:: The question is:

'That this be the title† of the Bill.'

The motion was adopted.

The Honourable Mr. W. M. Hailey: I beg to move, that the Bill, as amended, be now passed.

Mr. Eardley Norton: This, Sir, is our first Budget, and before we part with it, I should like to say a few words on questions of principle which underlie its genesis and define our attitude towards, and our rights in connection with, it. I trust, Sir, now that the child, which has been born amid the clash and turmoil of financial quarrels, and which we restore to the arms of its putative parent, will in course of time grow up a strong, handsome and useful stripling. We have endeavoured, as far as we possibly could, to make its entry into this world as little uncomfortable as possible. There remain after its christening one or two considerations not unworthy the expenditure of two or three minutes' careful attention.

There is an uneasy sensation in more quarters than one of this House that the Honourable the Finance Member—with regard to whom I desire to say nothing unpleasantly critical at this stage, either with regard to his Finance Bill or to his Budget—there is, I say, an uneasy suspicion that he is not speaking his own mind, is not writing with his own hand, is the creature of impulses outside the geographical limitations of British India.

Whether that is really so, we cannot tell. But a suspicion to that effect is with us and in us. A suspicion, which while it releases the Honourable the Finance Member in one direction,

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* Whereas it is expedient further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917; It is hereby enacted as follows.

† The Indian Finance Bill, 1921.

attaches to him in another direction the not very enviable responsibility of trying to arrange mosaics not of his own making into a respectable pattern that shall please our eye.

This Assembly has already shown itself—and shown itself justly—to be sensitive of any encroachment upon its rights, jealous of any invasion of its financial privileges. I ask it to-night in memory and expression of that sensitiveness and that jealousy to hear and note the few remarks I have to offer.

Now with regard to the real author or authors of the policy which is responsible both for the Budget and the Finance Bill. There is internal evidence, during the discussion within the four corners in this House, that neither measure traces descent from the Honourable the Finance Member; that he is not really a free agent with reference to either; not with regard to the important question of the sale of Reverse Councils; not with regard to the important question of exchange; not with regard to the omission of the duty upon imported silver bullion; these are clear indications that the Honourable Member is speaking with a borrowed voice. Whence does it come from and to whom does it belong?

If we are right in our suspicions that while we can congratulate the Finance Member on the stand he has made against Lancashire, we cannot extend the congratulations to the surrender to London—then indeed, I am on safe ground in suggesting to this House that we are permitting alien influences to mould our financial policy, and that unless we are alert and sensitive and jealous we shall be permitting a policy to prevail which will have for its end the furtherance of interests which are not India's but the interests of another country. Against that I ask this House to arm itself, ready to strike in self-defence against all who seek to exploit the resources of this land for the augmentation of their own private wealth. When the Honourable the Finance Member was asked for an explanation with regard to the Reverse Councils, I see that he made this statement in his speech at page 77 of the Gazette of India:

> 'We have frequently been asked to explain how far the persistence in the selling of Reverse Councils on the system first adopted was due to our deliberate choice or how far the responsibility lay with the Home authorities. Particular emphasis has been laid on the failure to adopt the system of sale by competitive tender. I regret that it is not within the power of Government to answer these inquiries.'

Why not? Did they not know, or, knowing, will they not answer? I cannot entertain for one moment the suggestion that the Government have not got the answer. The only possible inference is that they have it and will not reveal it. I think we are entitled to apply to the Honourable the Finance Member from his failure to produce the legal presumption most hostile to himself. It is quite clear to me, and I hope it will be equally clear to this House, that the reason why the Finance Member was unable to answer that particular question with regard to the policy of his Government in the matter of the Reverse Councils was because he did not wish to implicate persons who are not here and who do not desire to be here.

I pass over the policy of exchange. That also has been debated and condemned. Then I come to a question of importance, so far as this Member is concerned. I pass to the matter of the suggested impost upon silver bullion. I am not here to reopen the merits or demerits of that matter. The decision has been taken not to enforce any import duty. I only refer to it to use it by way of illustration of the dangers which I ask this House to take cognizance if it intends to preserve its financial privileges unimpaired among which I hope it will include the right to enforce a policy which puts Indian values in the forefront as matters of greater relative importance than English interests. Now, with regard to the question of bullion, I remember the Honourable the Finance Member telling us two or three days ago, or perhaps a little earlier than that, that he could not define his attitude upon that question without reference to the bullion merchants of Bombay. One Member here to-night, my Honourable friend, Mr. Price, has already referred to the fact, and fact it is, that the Honourable the Finance Member was not so tender in his dealings with other interests than the bullion silver interest—interests, surely as important, for instance, the food and the clothing of the poorer peoples in India. As far as I am aware, the Honourable the Finance Member made no reference to any previous conference, before imposing taxation, with the sugar dealers or the piece-good merchants or the importers of cigarettes or the importers of wines and spirits. Why then does he show a difference in his treatment between commodities such as these and the question of bullion? Is it because he wishes to safeguard interests which are not resident in India but at home? Is it that he is swayed by foreign impulses, by active wirepullers elsewhere whom in a measure he is ashamed to avow? Is it a fact that the real reason for this approach to the so-called bullion merchants of Bombay is that it is an approach to the bullion merchants not in Bombay, not in India, but in England? We have had to resist the open attack made upon us by Manchester and we have answered Manchester, I think upon the whole, with credit to ourselves. We have now, Sir, to resist the equally insidious and perhaps more dangerous attack made upon us by those who, being none the less powerful and none the less dangerous, have at their disposal a human instrument so facile, so persuasive, and so insidious as the Honourable Member sitting opposite me. If, as a matter of fact, the real influences which are prevalent with the Honourable the Finance Member, in the composition both of his Budget and his Revenue Bill, be influences which are outside our reach as being outside India—influences to which my Honourable friend, Mr. Price, has alluded as 'busybodies,' then I put it to the House that we should be prepared to be trebly jealous of our privileges, and trebly sensitive against the intervention of 'busybodies' who are not likely in the measures they frame to postpone their financial advantages and interests to ours. And if it be true—I am afraid that it is—if it be true that the real impelling

and controlling influences with regard to this matter and other financial matters are to be found in England and not in India, then I think that this House would like very much to know, who is the Rasputin behind our financial Czar, to which I would add the supplementary question, where is he living, in Delhi or in London ? Is it in India where we can control him, or is he at home outside our jurisdiction? So long as a suspicion such as this is permitted to float in the minds of members, it creates an extremely unpleasant and unhappy feeling with them. It compels them to believe that they are really puppets, and that these financial considerations are brought forward not, as they should be, solely for the benefit of the peoples of India, but under alien guidance for the benefit and prosperity of men who have long exploited India for their own ends and who intend to prolong that process without interruption in the future. On this question of bullion, let me refer to a telegram coming from Calcutta. I think it was in yesterday's *Pioneer*. It is as follows :—' The Secretary of the Calcutta Bullion Association has wired to the Financial Department of the Government of India praying that no duty on silver should be now imposed and in any event that no duty be levied before June next'. Are we not entitled to ask, why such a telegram should be sent? Why should these gentlemen who are able to make these markets fluctuate, no doubt, to their own financial benefit, be urging on the Government an extension of time which shall exempt their own pockets from the inconveniences of taxation ? Are they not somewhat similar, Sir, to the criminal who says to the learned Judge who is trying him : ' I am not guilty, my Lord, either of manslaughter or of murder. But if you are going to pass a sentence on me, please convict me of manslaughter. ' Here are these bullion merchants of Calcutta, I suppose in touch with the bullion merchants of Bombay, seeking to get outside the four corners of this taxation by asking this Government (for no reason assigned and for no reason assignable) to postpone the period from which this Act shall come into force in order to enable them to secure their deposits afloat and house them intact inside Bombay. I do not propose to touch upon the merits of this Bill. These have passed beyond our criticism and control. But I do wish to linger for a moment on the caution which this Bill enjoins upon all those who wish to preserve in tact the control of this House over fiscal questions. Yesterday it was the Council of State. To-day it is the occult power behind the scenes in England. Each is dangerous in a different degree. Both must be met and fought and crushed. It would be impossible for us who have followed the procedure of this House for many days and followed it, I hope, with patience, discernment and interest, not to recognise and applaud the attitude on both sides of the House, as indicative of a desire on each side to work the new reforms honestly and honourably in the spirit of cordial and mutual good-will. . There has been much of give and take on both sides. I have been as much struck with the courtesy and the frankness as with the ingenuity and resource of the Honourable the Finance Minister opposite. I have been struck not only by his attitude, but by the attitude of all the Government officials who have had occasion to stand up and answer our questions, to give us information, or to defend their positions against our attacks. I do not think that any member on this side of the House can honestly complain that he has not been assisted in every legitimate way and in very generous extent to a common effort to make good this our first meeting on the reformed Legislative Assembly by the Honourable Members opposite who represent the Government. Their attitude affords a complete answer to the hostile criticism which not so long ago was in certain quarters flung against the Members of the Indian Civil Service, of whom it was said that they would embody and practise the real and discontented opposition to the spirit of the reforms; that they would combine themselves to resist the progress sketched, and that in them we, the elected non-officials, should find our most inveterate and unyielding foes. I am glad to be able to think that that criticism has been shattered; that it is devoid of all foundation; and that if it be permissible to draw an inference from the conditions of to-day, I may claim, in a prophesy of the future, to look with confidence to honest and considered support from quarters to which prejudice had ascribed opposition. I have been a hostile and inconsiderate critic of Government. So the unthinking say. If so, which I deny, my recantation is all the more valuable. I have always thought that when the reforms took statutory shape the same official world outside that service which attempted at one time to postpone what some considered would be the hour of their execution, would be the first to render, as they have rendered, loyal and selfless service for the achievement of progress. For that we on this side of the House are deeply and publicly grateful. As I said, my main object in rising to make these remarks was to accentuate the duty all of us inside this House, and, more especially, those of us who sit as the non-official elected members, owe to ourselves if we are honest and to India and Great Britain alike if we are wise. The nominated members who, we may feel sure, are as able as ourselves to contribute to the total of political wisdom have not given us audible evidence of their presence or of their opinions in this House. We have seen them, we have watched them, and we have admired them, but we have not heard them except in very rare instances. I take pride in the intervention in debate of the Honourable the nominated member behind me who hails from Ootacamund. I regret the modesty and self-imposed reticence of the nominated members inside this House, a modesty and reticence not always accompanying their attitude outside. I trust that, as we grow older and get more acclimatised to the novel procedure of this infant institution they will imitate my Honourable friend behind me and give us clearly and audibly the benefit of their long administrative and executive wisdom and experience. From the Members of this House who have appropriated the larger share of the debates, I claim on the whole the exhibition of a remarkable self-restraint, even though I recall the number and the variety of the speeches which have come from this side of the House, and more particularly from my especial quarter, the Madras quarter, of this House. We have achieved one notable triumph. In the long history of the Government of

India this is the first time that a Government Finance Bill has had one single line of its financial proposals altered, an achievement which upon the whole has been accompanied with moderation and a tendency to compromise. Lastly, let me urge upon my Honourable colleagues, the elected non-official Members of this House, that we should be always upon our guard against the introduction, however slight, of any element which points to the deprivation or the infringement of our right to control our own finances; that we should proclaim on this, our first opportunity, our own financial independence; that we should openly assert our intention to stand on our own and not upon borrowed legs; that we should declare our resolution to be masters in our own financial house.

Dr. H. S. Gour: At the close of the Budget and its accompanying Finance Bills, I entirely and heartily associate with my friend, the Honourable Mr. Eardley Norton, in congratulating the members of the Government for their unfailing courtesy and spirit of compromise in dealing with the difficult questions with which the non-official members were concerned. I echo the sentiments of my Honourable colleagues in saying that whatever may have been the suspicions of elected members of this House about the attitude of the members of the Indian Civil Service, those suspicions have completely disappeared, and the attitude of the members of Government has been one of continuous sympathy and unfailing friendliness. I have no doubt whatever, Sir, that this is a most hopeful augury for the future success of this House. I conclude, Sir, by asking you whether it would be in order to put the coping stone upon this Finance Bill by harking back to a question which I asked this House earlier in the day. If I understood you aright, you said that this question could be again moved later on when the whole Bill came up for the vote of this House. If it is open to me to mention that question there is one point upon which this House feels keenly, and it is the continuance of the half an anna postage, and it is the poor man's plea and I hope the Honourable Members in charge of Government will accede to it. I have reason to believe that they will accede to it, and if that is done, we shall have complete confidence in the Budget and the Finance Bill which we have just now passed.

The Honourable Mr. W. M. Hailey: Sir, I think it would be unfitting that I should allow this occasion to pass without thanking Mr. Eardley Norton and Dr. Gour for what they have said this evening in regard to the conduct of the Bill from the Government side. At the same time, I wish heartily to reciprocate from our side their expression of good feeling; and to say, if I may be allowed to say this to the House, how much we, on our side, appreciate the forbearance it has exhibited, admire its industry, and most of all appreciate the goodwill it has shown to us. It is usual in other countries for a member of the Government who has to bring forward a piece of difficult and contentious legislation to make sure before he goes to the legislature that he has a majority behind him. I think there are few who would venture into a representative assembly with an unpopular scheme of taxation in the face of a large potential majority against them without much misgiving and much apprehension. I can only say for ourselves, Sir, that knowing from the first that we had to rely on convincing the House by reason, we have throughout done our best to be open and honest in placing our case before it. We have realised throughout that any attempt to hold back any part of our case, any attempt to get round a difficult situation by mere strategy, would be more than useless; it would indeed be dangerous to our own cause. We have been content to rely and indeed we have been obliged to rely, on the strength of our own case. Our best policy was to attempt to help the House to a right decision on each point that arose; and I know that I can say beforehand, that every Member of this Government will always attempt to take exactly the same attitude with the House.

Purely by way of reference, and not by way of combativeness, for I feel that, after the two days we have just spent together, contentiousness on my part would, at this stage, be out of place, purely by way of reference and nothing else, let me try to enlighten Mr. Eardley Norton regarding our attitude on the subject of bullion. There is no dark ogre anywhere, outside this country or inside it, that has controlled our attitude on this question. In fact, Sir, I am revealing no official secrets whatever when I say that we have had no communication with Home upon the subject. Perhaps that will disabuse his mind of any impression on the subject of our relations with the Home authorities on this point. He quotes a telegram which he has received from the bullion dealers of Calcutta. I have received very numerous telegrams from Japanese traders in silk, from liquor merchants, from match merchants, from every kind of merchant in the country affected by our proposed taxes, and I class the bullion traders in my mind at all events in exactly the same way as any other community whose interests are affected by this Bill.

And now, Sir, I do not wish to delay the House any further. The House has shown to us, as I have said before, singular forbearance and singular goodwill; I only hope that it will now see its way to pass this Finance Bill and to allow us to commit it to another House, with the sure assurance that the Bill in itself, if a not very pleasant piece of measure, is yet a sound piece of legislation on which we need not look back with any misgivings.

The Honourable the President: The motion is :

'That this Bill, as amended, be passed.'

The motion was adopted.

The Assembly then adjourned till Monday, the 21st March 1921.

[AS PASSED IN THE LEGISLATIVE ASSEMBLY.]

A Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917; It is hereby enacted as follows:— VIII of 1894. VI of 1898. VII of 1918. XIX of 1920. XIII of 1917.

Short title *and duration.*

1. (*1*) This Act may be called the Indian Finance Act, 192 .

(*2*) *Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March, 1922.*

Amendment of Act VIII of 1894.

2. (*1*) For the second Schedule to the Indian Tariff Act, 1894, the Schedule contained in the first Schedule to this Act shall be substituted; *and such substituted Schedule shall take effect from the first day of March, 1921.* VIII of 1894.

(*2*) The enactments mentioned in the second Schedule to this Act are hereby repealed to the extent specified in the fourth column thereof.

Amendment of Act VI of 1898.

3. With effect from the first day of April, 1921, for the first Schedule to the Indian Post Office Act, 1898, the Schedule contained in the third Schedule to this Act shall be substituted. VI of 1898.

Amendment of Act XIII of 1917.

4. With effect from the first day of April, 1921, for the first Schedule to the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the *following* Schedule shall be substituted, *namely:*— XIII of 1917.

"*SCHEDULE I.*

(*See section 3.*)

1	*2*	*3*
Goods.	*Unit or method of taxation.*	*Rate of tax.*
All goods including other coaching traffic but excluding food-stuffs, grains and pulses, firewood and fodder.	*Per rupee of net freight payable under existing Acts.*	*Two and a half annas.*"

Amendment of Act VII of 1918.

5. With effect from the first day of April, 1921, for the first and second Schedules to the Indian Income-tax Act, 1918, the Schedules contained in the fifth Schedule to this Act shall be substituted. VII of 1918.

Amendment of Act XIX of 1920.

6. With effect from the first day of April, 1921, for the Schedule to the Super-tax Act, 1920, the Schedule contained in the sixth Schedule to this Act shall be substituted. XIX of 1920.

It is hereby declared that it is expedient in the public interest that this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918.

SCHEDULE I.

Schedule to be substituted in the Indian Tariff Act, 1894.

[*See section 2 (1).*]

"SCHEDULE II—IMPORT TARIFF.

PART I.

Articles which are free of duty.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
1	HOPS.
2	SALT imported into British India and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stone-ware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in curing fish in those provinces. (For the general duty on salt, *see* No. 36.)
	II.—Raw materials and produce and articles mainly unmanufactured—
	HIDES AND SKINS, RAW.
3	HIDES AND SKINS, raw or salted.
	METALLIC ORES.
4	METALLIC ORES, all sorts.
	PRECIOUS STONES AND PEARLS.
5	PRECIOUS STONES, unset and imported uncut, and PEARLS, unset.
	SEEDS.
6	OIL-SEEDS imported into British India by sea from the territories of any Prince or Chief in India.
	TEXTILE MATERIALS.
7	COTTON, raw.
8	WOOL, raw.
	MISCELLANEOUS.
9	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, nitrate of lime, calcium cyanamide, mineral phosphates and mineral superphosphates.
10	PULP OF WOOD, RAGS and other paper-making materials.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
11	UNIFORMS AND ACCOUTREMENTS appertaining thereto, imported by a public servant for his personal use.
	ARMS, AMMUNITION AND MILITARY STORES.
12	The following ARMS, AMMUNITION AND MILITARY STORES:— (*a*) Articles falling under the 5th, 6th, 8th, 9th or 10th item of No. 42, when they appertain to a firearm falling under the 1st or 3rd item and are fitted into the same case with such firearm. (*b*) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.

SCHEDULE II—IMPORT TARIFF.

PART I—*contd.*

Articles which are free of duty.

No.	Names of Articles.
	(*c*) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (*i*) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (*ii*) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.
	(*d*) Swords for presentation as army or volunteer prizes.
	(*e*) Arms, ammunition, and military stores imported with the sanction of the Government of India for the use of any portion of the military forces of a State in India which may be maintained and organized for Imperial Service.
	(*f*) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.
	CHEMICALS, DRUGS AND MEDICINES.
13	ANTI-PLAGUE SERUM.
14	QUININE and other alkaloids of cinchona.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
15	The following AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, elevators, seed-crushers, chaff-cutters, root-cutters, horse and bullock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, and rakes; also component parts of these implements, provided that they can be readily fitted into their proper places in the implements for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.
16	The following DAIRY APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aërating and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.
17	INSTRUMENTS, APPARATUS and APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.
18	WATER-LIFTS, SUGAR-MILLS, OIL-PRESSES, and parts thereof, when constructed so that they can be worked by manual or animal power.
	METALS.
19	CURRENT NICKEL, BRONZE, AND COPPER COIN of the Government of India.
20	GOLD AND SILVER BULLION and coin.
	PAPER.
21	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.
	YARNS AND TEXTILE FABRICS.
22	COTTON TWIST AND YARN, and COTTON SEWING OR DARNING THREAD.
23	SECOND-HAND OR USED GUNNY BAGS made of jute.
	MISCELLANEOUS.
24	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.
25	Books printed, including covers for printed books, maps, charts, and plans, proofs, music and manuscripts.
	IV.—Miscellaneous and unclassified—
26	ANIMALS, living, all sorts.
27	SPECIMENS ILLUSTRATIVE OF NATURAL SCIENCE, and medals and antique coins."

SCHEDULE II—IMPORT TARIFF.

PART II.

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	I.—Food, Drink and Tobacco—		
	FISH.		
28	FISH, SALTED, wet or dry	Indian maund of 82⅔ lbs. avoirdupois weight.	Such rate or rates of duty not exceeding twelve annas as the Governor General in Council may, by notification in the *Gazette of India*, from time to time, prescribe.
	LIQUORS.		
29	ALE, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	Six annas and six pies.
30	SPIRIT, which has been rendered effectually and permanently unfit for human consumption.	*Ad valorem* . .	7½ per cent.
31	PERFUMED SPIRITS	Imperial gallon or 6 quart bottles.	30 0
32	LIQUEURS, Cordials, Mixtures and other preparations containing spirit—		
	(*a*) Entered in such a manner as to indicate that the strength is not to be tested.	Ditto.	5 0
	(*b*) If tested	Imperial gallon or 6 quart bottles of the strength of London proof.	18 12 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
33	All other sorts of SPIRIT	Ditto.	Ditto.
34	WINES—		
	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit.	Imperial gallon or 6 quart bottles.	9 0
	All other sorts of wines not containing more than 42 per cent. of proof spirit:	Ditto.	4 8
	Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to 'All other sorts of Spirit.'		
	SUGAR.		
35	SUGAR, all sorts including molasses and saccharine produce of all sorts, but excluding confectionery (*see* No. 121).	*Ad valorem* .	15 per cent.
	OTHER FOOD AND DRINK.		
36	SALT, excluding salt exempted under No. 2 .	Indian maund of 82⅔ lbs. avoirdupois weight.	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.
	TOBACCO.		
37	TOBACCO, unmanufactured	Pound . . .	1 0
38	CIGARS AND CIGARETTES	*Ad valorem* . .	75 per cent.
39	All other sorts of TOBACCO manufactured .	Pound . . .	2 4

SCHEDULE II—IMPORT TARIFF.

PART II—*contd.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	II.—Raw materials and produce and articles mainly unmanufactured—		
	COAL, COKE AND PATENT FUEL.		
40	COAL, COKE AND PATENT FUEL . . .	Ton . . .	0 8
	OILS.		
41	PETROLEUM, including also naphtha and the liquids commonly known by the names of rock-oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine, and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the following classes of petroleum :—	Imperial gallon .	One anna and six pies.
	Petroleum which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes.		
	Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose (*see* No. 72).		
	Motor spirit is liable to an additional duty of 6 annas per gallon under Act II of 1917 as amended by Act III of 1919.		
	III.—Articles wholly or mainly manufactured—		
	ARMS, AMMUNITION AND MILITARY STORES.		
42	Subject to the exemptions specified in No. 12—		R
	(1) Firearms other than pistols, including gas and air-guns and rifles.	Each . . .	15
	(2) Barrels for the same, whether single or double.	„ . . .	15
	(3) Pistols, including automatic pistols and revolvers.	„ . . .	15
	(4) Barrels for the same, whether single or double.	„ . . .	15 } or 20 per cent. *ad valorem*, whichever is higher.
	(5) Main springs and magazine springs for firearms, including gas-guns and rifles.	„ . . .	5
	(6) Gun stocks and breech blocks . . .	„ . . .	3
	(7) Revolver-cylinders, for each cartridge they will carry.	„ . . .	2

SCHEDULE II—IMPORT TARIFF.

PART II—*concld.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
	(8) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Each . . .	R 1 or 20 per cent. *ad valorem*, whichever is higher.
	(9) Machines for making, loading, or closing cartridges for rifled arms.	*Ad valorem* . .	20 per cent.
	(10) Machines for capping cartridges for rifled arms.	*Ad valorem* . .	20 per cent.
	CHEMICALS, DRUGS AND MEDICINES.		R A.
43	Opium and its alkaloids and their derivatives.	Seer of 80 tolas .	24 0
	MISCELLANEOUS.		
44	Matches—		R A.
	(1) In boxes containing not more than *100* matches.	Per gross of boxes .	0 12
	(2) In boxes containing more than *100* matches.	For every *100* matches or fraction thereof in each box, per gross of boxes.	0 12

SCHEDULE II—IMPORT TARIFF.

PART III.

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No	Names of Articles.
	I.—Food, Drink and Tobacco—
	GRAIN, PULSE AND FLOUR.
45	GRAIN AND PULSE, all sorts, including broken grains and pulse, but excluding flour (*see* No. 65).
46	*FODDER, BRAN AND POLLARDS.*
	PROVISIONS AND OILMAN'S STORES.
47	VINEGAR in casks.
	II.—Raw materials and produce and articles mainly unmanufactured—
	METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE.
48	IRON OR STEEL, old.
	WOOD AND TIMBER.
49	FIREWOOD.
	III.—Articles wholly or mainly manufactured—
	CHEMICALS, DRUGS AND MEDICINES.
50	COPPERAS, green.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
51	TELEGRAPHIC INSTRUMENTS AND APPARATUS, and parts thereof imported by or under the orders of a railway company.
	MACHINERY.
52	MACHINERY, namely, prime-movers and component parts thereof, including boilers and component parts thereof ; also including locomotive and portable engines, steam-rollers, fire engines, and other machines in which the prime-mover is not separable from the operative parts. MACHINERY (and component parts thereof), meaning machines or sets of machines to be worked by electric, steam, water, fire or other power not being manual or animal labour, or which, before being brought into use, require to be fixed with reference to other moving parts ; and including belting of all materials for driving machinery : Provided that the term does not include tools and implements to be worked by manual or animal labour, and provided also that only such articles shall be admitted as component parts of machinery as are indispensable for the working of the machinery, and are, owing to their shape or to other special quality, not adapted for any other purpose. *Note.*—This entry includes machinery and component parts thereof made of substances other than metal.
	METALS—IRON AND STEEL.
53	IRON, angle. „ bar, rod and channel, including channel for carriages. „ pig. „ rice bowls.

SCHEDULE II—IMPORT TARIFF.

PART III—*contd.*

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No.	Names of Articles.
54	IRON OR STEEL, anchors and cables.
	„ „ beams, joists, pillars, girders, screw piles, bridge work and other such descriptions of iron or steel, imported exclusively for building purposes; including also ridging, guttering and continuous roofing.
	„ „ bolts and nuts, including hook-bolts and nuts for roofing.
	„ „ hoops and strips.
	„ „ nails, rivets and washers, all sorts.
	„ „ pipes and tubes and fittings therefor, such as bends, boots, elbows, tees, sockets, flanges and the like.
	„ „ rails, chairs, sleepers, bearing and fish-plates, spikes (commonly known as dog-spikes), switches and crossings, other than those described in No. 56, also lever-boxes, clips and tie-bars.
	„ „ sheets and plates, all sorts excluding discs and circles which are dutiable under No. 94.
	„ „ wire, including fencing wire, piano-wire and wire-rope, but excluding wire-netting which is dutiable under No. 94.
55	STEEL, angle.
	„ bar, rod, and channel, including channel for carriages.
	„ cast including spring blistered and tub steel.
	„ ingots, blooms, billets and slabs.
	METALS OTHER THAN IRON AND STEEL.
56	LEAD sheets, for tea-chests.
	RAILWAY PLANT AND ROLLING-STOCK.
57	RAILWAY MATERIAL for permanent-way and rolling-stock, namely, cylinders, girders, and other material for bridges, rails, sleepers, bearing and fish-plates, fish-bolts, chairs, spikes, crossings, sleeper fastenings, switches, interlocking apparatus, brake gear, couplings and springs, signals, turn-tables, weigh-bridges, engines, tenders, carriages, wagons, traversers, trollies, trucks, and component parts thereof; also the following articles when imported by, or under the orders of, a railway company, namely, cranes, water cranes, water tanks, and standards, wire and other materials for fencing :
	Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor General in Council may, by notification in the *Gazette of India*, specifically include therein :
	Provided also that only such articles shall be admitted as component parts of railway material as are indispensable for the working of railways, and are, owing to their shape or to other special quality, not adapted for any other purpose.
	MISCELLANEOUS.
58	AEROPLANES, aeroplane parts, aeroplane engines and aeroplane engine parts.
59	PRINTING AND LITHOGRAPHING MATERIAL, namely, presses, type, ink, aluminium lithographic plates, brass rules, composing sticks, chases, imposing tables, and lithographic stones, stereo-blocks, roller moulds, roller frames and stocks, roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and paging and numbering machines, but excluding paper (*see* No. 96).
60	RACKS for the withering of tea leaf.
61	SHIPS AND OTHER VESSELS for inland and harbour navigation, including steamers, launches, boats and barges, imported entire or in sections.
62	TEA-CHESTS of metal or wood, whether imported entire or in sections, provided that the Collector of Customs is satisfied that they are imported for the purpose of the packing of tea for transport in bulk.

SCHEDULE II—IMPORT TARIFF.

PART IV.

Articles which are liable to duty at 11 per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
	FISH.
63	FISH, excluding salted fish (*see* No. 28).
64	FISHMAWS, including signally and sozille, and sharkfins.
	FRUITS AND VEGETABLES.
65	FRUITS AND VEGETABLES, all sorts, fresh, dried, salted or preserved.
	GRAIN, PULSE AND FLOUR.
66	FLOUR.
	PROVISIONS AND OILMAN'S STORES.
67	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts, excluding vinegar in casks (*see* No. 46).
	SPICES.
68	SPICES, all sorts.
	TEA.
69	TEA.
	OTHER FOOD AND DRINK.
70	COFFEE.
71	All other sorts of Food and Drink not otherwise specified.
	II.—Raw materials and produce and articles mainly unmanufactured—
	GUMS, RESINS AND LAC.
72	GUMS, RESINS AND LAC, all sorts.
	OILS.
73	All sorts of animal essential, mineral, and vegetable non-essential OILS, excluding petroleum as defined in No. 41, but including— Petroleum which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre or for lubricating purposes; and Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.
	SEEDS.
74	SEEDS, all sorts, excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6).
	TALLOW, STEARINE AND WAX.
75	TALLOW AND STEARINE, including grease and animal fat, and wax of all sorts not otherwise specified.

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	TEXTILE MATERIALS.
76	TEXTILE MATERIALS, the following :—
	Silk waste, and raw silk including cocoons, raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.
	WOOD AND TIMBER.
77	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.
	MISCELLANEOUS.
78	CANES AND RATTANS.
79	COWRIES and SHELLS.
80	IVORY, unmanufactured.
81	PRECIOUS STONES, unset and imported cut (*see* No. 5).
82	All other raw materials and produce and articles mainly unmanufactured, not otherwise specified.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
83	APPAREL, including drapery, boots and shoes, and military and other uniforms and accoutrements, but excluding uniforms and accoutrements exempted from duty under No. 11 and gold and silver thread (*see* Nos. 129 and 130).
	ARMS, AMMUNITION AND MILITARY STORES.
84	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuze.
	CARRIAGES AND CARTS.
85	CARRIAGES AND CARTS, including jinrikshas, bath chairs, perambulators, trucks, wheel-barrows, and all other sorts of conveyances and component parts thereof not otherwise specified, and including motor vans if imported with all their parts assembled and also including motor lorries and the following component parts of motor lorries, chassis, solid tyres, wheels, bodies, axles and gear boxes (*see* No. 124).
	CHEMICALS, DRUGS AND MEDICINES.
86	CHEMICALS, DRUGS AND MEDICINES, all sorts, not otherwise specified.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
87	CUTLERY.
88	HARDWARE, IRONMONGERY AND TOOLS, all sorts, not otherwise specified.
89	All other sorts of IMPLEMENTS, INSTRUMENTS, APPARATUS AND APPLIANCES and parts thereof, not otherwise specified.
	DYES AND COLOURS.
90	DYEING AND TANNING SUBSTANCES, all sorts, and paints and colours and painters' materials, all sorts.
	FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD.
91	FURNITURE, CABINETWARE and all other manufactures of wood not otherwise specified.
	GLASSWARE AND EARTHENWARE.
92	GLASS AND GLASSWARE, lacquered ware, earthenware, china and porcelain; all sorts except glass, bangles, beads and false pearls (*see* No. 128).

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	HIDES AND SKINS AND LEATHER.
93	HIDES AND SKINS not otherwise specified, LEATHER AND LEATHER MANUFACTURES, all sorts, not otherwise specified.
	MACHINERY.
94	MACHINERY AND COMPONENT PARTS thereof, meaning machines or parts of machines to be worked by manual or animal labour.
	METALS—IRON AND STEEL.
95	All sorts of IRON AND STEEL and manufactures thereof, not otherwise specified.
	METALS OTHER THAN IRON AND STEEL.
96	All sorts of METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.
	PAPER, PASTEBOARD AND STATIONERY.
97	PAPER AND ARTICLES MADE OF PAPER AND PAPIER MACHÉ, PASTEBOARD, MILLBOARD, AND CARDBOARD, all sorts, and STATIONERY, including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards, including cards in booklet form, including also wastepaper and old newspapers for packing, but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post (*see* No. 21).
	YARNS AND TEXTILE FABRICS.
98	YARNS AND TEXTILE FABRICS, that is to say:—
	Cotton piecegoods, thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified.
	Flax, twist and yarn, and manufactures of flax;
	Haberdashery and millinery;
	Hemp manufactures;
	Hosiery;
	Jute, twist and yarn, and jute manufactures, excluding secondhand or used gunny bags (*see* No. 23).
	Silk yarn, noils and warps and silk thread;
	Woollen yarn, knitting wool, and other manufactures of wool including felt;
	All other sorts of yarns and textile fabrics, not otherwise specified.
	MISCELLANEOUS.
99	ART, works of, excluding those specified in No. 24.
100	BRUSHES AND BROOMS.
101	BUILDING AND ENGINEERING MATERIALS, including asphalt, bricks, cement, chalk and lime, clay, pipes of earthenware, tiles, and all other sorts of building and engineering materials not otherwise specified.
102	CANDLES.
103	CORDAGE AND ROPE AND TWINE OF VEGETABLE FIBRE.
104	FURNITURE, TACKLE AND APPAREL, not otherwise described, for steam, sailing, rowing and other vessels.
105	JEWELLERY AND JEWELS.

SCHEDULE II—IMPORT TARIFF.

PART IV—*concld.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
106	MATS AND MATTING.
107	OILCAKES.
108	OILCLOTH AND FLOOR CLOTH.
109	PACKING—ENGINE AND BOILER—all sorts, excluding packing forming component part of any article included in Nos. 51 and 56.
110	PERFUMERY.
111	PITCH, TAR AND DAMMER.
112	POLISHES AND COMPOSITIONS.
113	RUBBER tyres and other manufactures of rubber, not otherwise specified (*see* No. 136).
114	SOAP.
115	STARCH AND FARINA.
116	STONE AND MARBLE, and articles made of stone and marble.
117	TOILET REQUISITES, not otherwise specified.
118	All other articles wholly or mainly manufactured, not otherwise specified.
	IV.—Miscellaneous and unclassified—
119	CORAL.
120	*UMBRELLAS, INCLUDING PARASOLS AND SUNSHADES, AND FITTINGS THEREFOR.*
121	All other articles not otherwise specified, including articles imported by post.

SCHEDULE II—IMPORT TARIFF.

PART V.

Articles which are liable to duty at 20 per cent. *ad valorem.*

No.	Names of Articles.
	I.—Food, Drink and Tobacco.
122	CONFECTIONERY.
	II.—Articles wholly or mainly manufactured.
	ARMS, AMMUNITION AND MILITARY STORES.
123	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.
124	Subject to the exemptions specified in No. 12 all articles other than those specified in entry No. 42 which are *arms or parts of arms* within the meaning of the Indian Arms Act, 1878 (excluding springs used for air-guns which are dutiable as hardware under No. 87), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor General in Council may, by notification in the *Gazette of India*, declare to be ammunition or military stores for the purposes of this Act.
	CARRIAGES AND CARTS.
125	MOTOR CARS, motor cycles, motor scooters, bicycles and tricycles and parts and accessories thereof: provided that such parts or accessories as are ordinarily *also* used for other purposes shall be dutiable at the rate of duty specified for such articles.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
126	CLOCKS AND WATCHES AND PARTS THEREOF.
127	ELECTROPLATED WARE.
128	MUSICAL INSTRUMENTS.
	GLASSWARE AND EARTHENWARE.
129	GLASS BANGLES and BEADS and false pearls.
	METALS.
130	GOLD PLATE, gold thread and wire, and gold manufactures, all sorts.
131	SILVER PLATE, silver thread and wire, and silver manufactures, all sorts.
	YARNS AND TEXTILE FABRICS.
132	SILK PIECE-GOODS, and other manufactures of silk.
	MISCELLANEOUS.
133	CINEMATOGRAPH FILMS.
134	FIRE-WORKS.
135	IVORY, manufactured.
136	PRINTS, engravings and pictures, including photographs and picture postcards.
137	PNEUMATIC RUBBER TYRES AND TUBES FOR MOTOR CARS, including motor lorries, motor cycles, motor scooters, bicycles and tricycles.
138	SMOKERS' REQUISITES, excluding tobacco (Nos. 37 to 39) and matches (No. 44).
139	TOYS, games, playing cards and requisites for games and sports.

SCHEDULE II.

ENACTMENTS REPEALED.

[*See section 2(2).*]

1	2	3	4
Year.	No.	Short title.	Extent of Repeal.
1894	VIII	The Indian Tariff Act, 1894	Section 4.
1916	IV	The Indian Tariff Amendment Act, 1916	The word "Second" in section 4 and so much of Schedule I as contains a Schedule II to be inserted in the Indian Tariff Act, 1894.
1917	VI	The Indian Tariff (Amendment) Act, 1917	Section 2.
1920	VII	The Indian Tariff (Amendment) Act, 1920	The whole.

SCHEDULE III.

Schedule to be substituted in the Indian Post Office Act, 1898.

(See section 3.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

Letters.

For a weight not exceeding *one tola*	One anna.
For every *tola*, or fraction thereof, exceeding *one tola*	*One* anna.

Postcards.

Single	*Quarter of* an anna.
Reply	*Half an* anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding five tolas	Quarter of an anna.
For a weight exceeding *five* tolas *and not exceeding fifteen tolas*	Half an anna.
For every *fifteen* tolas, or fraction thereof, exceeding *fifteen* tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE V.

Schedules to be substituted in the Indian Income-tax Act, 1918.

(See section 5.)

" SCHEDULE I.

RATES OF TAX.

(See section 14.)

	Rate.
I. When the taxable income is less than ₹2,000	*Nil.*
II. When the taxable income is ₹2,000 or upwards and—	
(*i*) the total income is less than ₹5,000	Five pies in the rupee.
(*ii*) the total income is ₹5,000 or upwards, but is less than ₹10,000	Six pies in the rupee.
(*iii*) the total income is ₹10,000 or upwards, but is less than ₹20,000	Nine pies in the rupee.
(*iv*) the total income is ₹20,000 or upwards, but is less than ₹30,000	One anna in the rupee.
(*v*) the total income is ₹30,000 or upwards, but is less than ₹40,000	One anna and two pies in the rupee.
(*vi*) the total income is ₹40,000 or upwards	One anna and four pies in the rupee.

SCHEDULE II.

RATES OF REFUND.

(See section 37.)

Amount.	Refund.
1. Less than ₹2,000	One anna and four pies in the rupee.
2. ₹2,000 or upwards, but less than ₹5,000	Eleven pies in the rupee.
3. ₹5,000 or upwards, but less than ₹10,000	Ten pies in the rupee.
4. ₹10,000 or upwards, but less than ₹20,000	Seven pies in the rupee.
5. ₹20,000 or upwards, but less than ₹30,000	Four pies in the rupee.
6. ₹30,000 or upwards, but less than ₹40,000	Two pies in the rupee."

SCHEDULE VI.

Schedule to be substituted in the Super-tax Act, 1920.

(See section 6.)

"SCHEDULE.

(See section 4.)

(*1*) In respect of the first lakh of rupees of taxable income—	
(*a*) in the case of a Hindu undivided family—	
(*i*) in respect of the first seventy-five thousand rupees of taxable income .	*Nil.*
(*ii*) in respect of the next twenty-five thousand rupees of taxable income	One anna in the rupee.
(*b*) In all other cases—	
(*i*) in respect of the first fifty thousand rupees of taxable income . .	*Nil.*
(*ii*) in respect of the next fifty thousand rupees of taxable income . .	One anna in the rupee.
(*2*) In respect of the first fifty thousand rupees of taxable income over one lakh of rupees	One and a half annas in the rupee.
(*3*) In respect of the next fifty thousand rupees of taxable income . . .	Two annas in the rupee.
(*4*) In respect of the next fifty thousand rupees of taxable income . . .	Two and a half annas in the rupee.
(*5*) In respect of the next fifty thousand rupees of taxable income . .	Three annas in the rupee
(*6*) In respect of the next fifty thousand rupees of taxable income . . .	Three and a half annas in the rupee.
(*7*) In respect of all taxable income over three and a half lakhs of rupees .	Four annas in the rupee."

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to provide the additional resources referred to in my speech to-day introducing the Budget for 1921-22. It is proposed to do this by amending the existing schedules of the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, the Super-tax Act, 1920, and the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

2. Clause 2 of the Bill substitutes a revised Schedule for the import tariff. The substantive changes made by the new Schedule are —

(1) The raising of the general *ad valorem* import duty of 7½ per cent. to 11 per cent. except in the case of matches and certain articles of luxury.

(2) The withdrawal of the concession allowed by the existing tariff under which machinery and stores imported for use in cotton mills are admitted free of import duty.

(3) The levy of a specific import duty of 12 annas per gross boxes of matches in place of the present *ad valorem* duty of 7½ per cent. In order to avoid evasion of duty by foreign manufacturers increasing the size of the ir boxes an extra duty is imposed on boxes containing more than 75 matches (*vide* item No. 44).

(4) Increase of the duty on liquors, the new duties on spirits being based on a duty of 3 annas per degree of proof per gallon (*vide* items 29 to 34 of the Schedule).

(5) The raising of the general *ad valorem* duty of 7½ per cent. to 20 per cent. in the case of certain articles of luxury (*vide* part V of the Schedule).

(6) The raising of the import duty on sugar from 10 to 15 per cent.

(7) The raising of the import duties on tobacco, other than unmanufactured tobacco, by 50 per cent.

3. At the same time, opportunity has been taken of incorporating in the Schedule certain exemptions which have been granted by notification under section 23 of the Sea Customs Act since the Schedule was last revised and of clearing up certain doubts which the wording of the existing Schedule in some items has given rise to. Metallic ores have also been transferred to the free list.

4. Clause 3 substitutes a new Schedule for the existing Schedule to the Indian Post Office Act, 1898, the more important changes being—

(1) Abolition of the half anna postage for letters, the charges in future to be 1 anna for letters not exceeding 2½ tolas in weight and half an anna for every additional 2½ tolas.

(2) Raising to half an anna the quarter of an anna postcard.

(3) Various miscellaneous changes in the rates for packet post and registered newspapers.

5. Clause 4 substitutes a new Schedule for the existing Schedule I of the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the effect of which will be—

(1) to increase the rate on coal, coke and firewood from 1 pie to 6 pies per maund and on food grains and fodder from 2 pies to 6 pies;

(2) to increase the rate from 2 pies to 2 annas per maund on certain valuable commodities such as piece-goods, pressed cotton, jute, ironware, timber and oils, mentioned in entry No. 2 of the new Schedule;

(3) to increase from 2 pies to 1 anna per maund the tax on all other articles.

6. Clauses 5 and 6 substitute new Schedules for the existing operative Schedules of the Income-tax and Super-tax Acts, respectively, the result of which will be –

in the case of *income-tax* as follows :—

Incomes.	Pies per rupee. Present.	Proposed.
₹2,000 – 5,000	5	5
₹5,000 –10,000	6	6
₹10,000—20,000	9	9
₹20,000—30,000	9 / 12	12
₹30,000—40,000	12	14
Over ₹40,000	12	16

and in the case of *super-tax* as follows :—

Incomes.	Pies per rupee. Present.	Proposed.
First ₹50,000 over ₹50,000	12	12
For the next ₹50,000, *i.e.*, ₹1,00,000—1,50,000	18	18
„ „ ₹1,50,000—2,00,000	24	24
„ „ ₹2,00,000—2,50,000	30	30
„ „ ₹2,50,000—3,00,000	36	36
„ „ ₹3,00,000—3,50,000	36	42
For any excess over 3½ lakhs	36	48

7. The tariff changes will come into effect from to-day, the remainder from April 1st next.

DELHI;
Dated 28th February, 1921.

W. M. HAILEY.

PROCEEDINGS OF THE COUNCIL OF STATE ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Monday, the 21st March, 1921.

The Council of State assembled at Metcalfe House on Monday, the 21st March, 1921, at 11 A.M., with the Honourable the President in the Chair.

BILLS LAID ON THE TABLE.

The HONOURABLE MR. H. MONCRIEFF SMITH : Sir, in accordance with rule 25 of the Indian Legislative Rules, I now lay on the table two Bills which were passed by the Legislative Assembly at its meetings of the 17th and 19th March, respectively. They are (1) * * * * * * (2) a Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

INDIAN FINANCE BILL.

The HONOURABLE MR. E. M. COOK : Sir, if I have your permission, I should like to read out a notice which I have handed in to the Honourable the Secretary relating to the Indian Finance Bill. I beg to give notice of my intention to move in the Council of State :

'That the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, as passed by the Legislative Assembly at its meeting of the 19th March 1921 be taken into consideration.'

Ordinarily, Sir, this motion could not be put on the list of business, unless you otherwise direct, within three days of the notice. I venture to suggest, Sir, that there are reasons in this case why you should, if you are so pleased, exercise your discretion in that respect. The Bill is one of considerable urgency. I need only mention that, unless it is passed by both Chambers and receives the assent of the Governor General before the end of this month, the country will lose from Rs. 70 to Rs. 75 lakhs of revenue, owing to the fact that the additional customs revenue collected this month will have to be refunded. I need hardly say, Sir, that there is no intention on the part of Government in any way to hustle this Honourable Council in its consideration of this Bill. The Bill, as introduced in the other House, was placed in the hands of Honourable Members here on the 1st March, *i.e.*, nearly three weeks ago. It has emerged from the other House somewhat amended, but, nevertheless the main purport of the Bill and the general structure of it remain to a large extent unchanged. I have no doubt Honourable Members have studied the Bill as it was introduced in the other Chamber, and I hope they will agree that, in view of its undoubted urgency, I should move for its consideration as soon as possible, if you are disposed to exercise your powers of discretion in this respect.

The HONOURABLE THE PRESIDENT: There are really two points in the Honourable Member's request. One is that I should exercise my power to abrogate the period of notice required by the rules, and the second point is that I should fix a date for a meeting to consider the Bill, because without a date the abrogation of notice will be meaningless. I think Honourable Members will agree with me that there are very urgent reasons why this Bill should be taken into consideration as soon as possible. I have no doubt, however, that they will wish to examine it with care for it is an important Bill. I, therefore, propose to direct that there shall be a meeting of this Council on Wednesday, the 23rd instant, and I further direct that the Bill may be put down on that date for consideration if the Honourable Mover wishes to do so.

The HONOURABLE MR. E. M. COOK: I should like the Bill to be put down for that day please.

The HONOURABLE SIR MANECKJI DADABHOY: I understand, Sir, that you will also dispense with the notice required for amendments.

The HONOURABLE THE PRESIDENT: Naturally, that must be understood. Honourable Members must give such notice as they are able to give, but it will be impossible, in the circumstances of the case, the Bill having been put down for Wednesday, to require full notice to be given in regard to amendments. There will be no exercise of undue harshness in the matter of receiving amendments, but I hope Honourable Members will in their own interests give such notice as they are able to give.

The HONOURABLE LALA SUKHBIR SINHA: Sir, may I point out that 23rd, Wednesday, is a holiday on account of Holi?

The HONOURABLE THE PRESIDENT: The Honourable Member has several times brought that to my notice. But the calendar supplied to me by Government does not show that the 23rd is a holiday. I understand that the Assembly are sitting on that day. I can only go by the calendar of holidays supplied to me by the Government.

The HONOURABLE MR. A. H. FROOM: May I ask for a ruling, Sir, as to what amendments to this Bill are permissible and what are not. I have my own ideas on the point, but I should like to have a ruling from you as to what amendments we may put forward.

The HONOURABLE THE PRESIDENT: I think it is almost impossible for me to specify all the amendments it is possible for members to propose. Perhaps it will meet the Honourable Member if I specify a certain class of amendment which is not possible. Naturally, speaking generally, amendments which do not come within the scope of the Bill are not admissible, but I fancy the Honourable Member has in view a point which was raised to me by another Honourable Member on which I should have preferred under ordinary circumstances to decide when the occasion arose. However, in view of the short notice on which this Bill is going to be considered and the fact that it may save Honourable Members labour and prevent unnecessary delay, I would at once try and come to a decision on the point which I take it my Honourable friend has in mind. That is the question whether an amendment which has the effect of increasing taxation can be moved by a member other than a member speaking on behalf of Government. I think it will be quite clear to Honourable Members if they refer to section 67-A (2) of the Government of India Act, that the framers of that Act have therein given statutory expression to the English constitutional rule that demands for supply must proceed from the Crown, in other words, the legislature can reduce, but it cannot increase expenditure. That is quite clearly expressed in the Act. If that is so, it seems to me to involve the necessary consequence that taxation to provide for such expenditure must also be initiated by the Crown. Indeed, section 67 of the same Act could be construed in the same way. I think I must therefore rule that an amendment, except by a member speaking on behalf of Government, which has the effect of increasing taxation proposed by the Bill is out of order, unless it proposes taxation by way of equivalent to a tax brought by the Bill under the consideration of the Council. The point is this, that the Crown makes a demand, the Crown proposes taxation, the Council can reduce the demand or the taxation, but it can neither increase the demand nor can it increase the taxation except at the instance of a member of the Government. But it is open to members who desire to vary what I may call the incidence of taxation imposed by the provisions of the Bill to propose an increase in one item compensated by a corresponding reduction in some other item. I hope I have made the point clear to the Council.

The HONOURABLE MR. A. H. FROOM: Thank you, Sir. That is the point I wanted to be cleared up.

PROCEEDINGS OF THE COUNCIL OF STATE ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Wednesday, the 23rd March, 1921.

The Council assembled at Metcalfe House at 11 A.M., with the Honourable the President in the Chair.

FINANCE BILL.

The HONOURABLE MR. COOK: Sir, I beg to move:

'That the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, as passed by the Legislative Assembly, be taken into consideration.'

We have a lot of work to do to-day, Sir, and I am quite sure that Honourable Members would not thank me if I started the day by entering into a long general disquisition on the details of this Bill. The Bill as originally introduced was placed in Honourable Members' hands on the 1st March. As passed by the Legislative Assembly it has only been in their hands since the 21st. That of course is a very short time, but the Bill has emerged from the Legislative Assembly with, I think, not a very large number of amendments, and I shall therefore assume that every Honourable Member has read it and mastered its details. I should, however, Sir, like, with your permission, to say just a few words on a preliminary, though I think very important, point. So far, this Council has only had before it, by way of information, the Budget and a copy of the Finance Bill as originally introduced, and subsequently this amended Bill. I think it is only right that I should tell Honourable Members how we now stand financially, as a result both of the voting on demands for grants in the other House and also of the alterations made by that House in the Finance Bill; otherwise I am afraid that the Council would be somewhat handicapped in dealing with the Bill now before it.

The other House have effected a reduction of 129 lakhs in next year's expenditure. It follows therefore that, if other things were equal, we should have to find by taxation 129 lakhs less. But other things are not equal, for the other House has, by the changes which it has effected in this Finance Bill, reduced the yield of the new taxation by about 85 lakhs. That is to say, the new taxation in the Bill, as at present before this Council, will yield 18 crores and 32 lakhs, as against 19 crores and 17 lakhs. The net result is that on the whole we are 44 lakhs to the good—that is to say, the position, so far as we can see, is 44 lakhs better than when the Budget was introduced. I give this figure because I think it my duty to supply the Council with all the information I can on this point. At the same time, of course, I do not mean to imply that the Finance Department would not like to have that 44 lakhs as a margin. I think that everybody knows of the very great uncertainties in the exchange outlook and in the trade outlook, and I think that anyone who is at all acquainted with the general financial position of the country knows that any change in the position which may occur during the year, any alteration in our expectations, is much more likely to result in deterioration rather than in improvement. Now, Sir, I do not wish to embark on any sort of general discussion on the Budget, from which indeed we are by rule debarred. But I should like to make just one point clear.

It is not as if this were a budget in which the Finance Department had something up their sleeve, or in which they had nice little sums tucked away somewhere or other, a lakh here, a lakh under this head, half a crore somewhere else. I know that there was a time when the Government of India were accused, and on occasions not altogether without justice, of deliberately over-estimating their expenditure and under-estimating their revenue. My Honourable and learned friend, Sir Maneckji Dadabhoy, will remember those debates in the old pre-Morley-Minto Councils at Calcutta, when the late Mr. Gokhale used to trounce the Finance Department for what he called their over taxation of the country. On this occasion, however, I can confidently assert, without the slightest fear of being successfully challenged, that nowhere in this budget is there anything tucked away or any margin or elasticity whatever.

I have said enough, I think, to show that altogether we are better off, as a result of the treatment of the Budget and of the Finance Bill in the other House, by about Rs. 44 lakhs, and that it does not necessarily follow that that Rs. 44 lakhs is so much surplusage. I quite admit that on the figures this Council would be justified in reducing the taxation by that sum. Whether or not it is desirable to do so is another matter.

The HONOURABLE THE PRESIDENT: The question is:

'That the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, as passed by the Legislative Assembly, be taken into consideration.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: I propose, in dealing with this Bill, to put each clause separately to the Council. That will enable Honourable Members to discuss the clause

generally and also to move any amendments relating to the clause. They will, therefore, be able to speak firstly on the general principle of the clause and secondly, if they so wish, on each separate amendment.

Then I shall proceed on the basis of the list of amendments I have before me. In the first instance, we will postpone the consideration, following the usual practice, of the preamble of the Bill.

The HONOURABLE THE PRESIDENT : The question is :

'That clause 1 stand part of Bill'

The motion was adopted.

The HONOURABLE MR. H. MONCRIEFF SMITH : Sir, I beg to move that at the beginning of sub-clause (*i*) of clause 2, the words,—'With effect from the 1st day of March 1921' be inserted and that at the end of that sub-clause the words,—'and such substituted schedule shall take effect from the 1st day of March 1921' be omitted.

This is a purely drafting amendment in order to bring clause 2 into line with the other clauses of the Bill, which all begin with the words,—'With effect from the 1st day of' such and such a month.

The HONOURABLE THE PRESIDENT : As this amendment was not on the paper, I think it right to read it again to the Council before I put it. It has been moved that at the beginning of sub-clause (*i*) of clause 2, the words, 'With effect from the 1st day of March 1921' be inserted, and that at the end of that sub-clause the words,—'and such substituted schedule shall take effect from the 1st day of March 1921' be omitted.

The motion was adopted.

The HONOURABLE THE PRESIDENT : The question is :

'That clause 2 stand part of the Bill.'

The motion was adopted.

The HONOURABLE MR. SETHNA : I do not think I quite understand the procedure, Sir. There are items in regard to clause 2 in the list of amendments proposed. We understand that clause 2 has been passed.

The HONOURABLE THE PRESIDENT : Are the amendments to clause 2 or to the Schedule ? The Honourable Member will have an opportunity of moving any amendments to the Schedule when we come to the Schedule. By passing clause 2, the only thing that the Council has done is that it has affirmed the general principle that there shall be some import taxation. That is all we have done so far.

The question is :

'That clause 3 stand part of the Bill.'

The motion was adopted.

The HONOURABLE MR. E. M. COOK : Sir, I beg to move that for clause 4 of the Bill the following clause be substituted, namely :—

'With effect from the first day of April, 1921, for the first Schedule to the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the Schedule contained in the fourth Schedule to this Act shall be substituted.'

This is purely a drafting amendment. In the Bill, as it has emerged from the other House, there appears, in the substantive portion of the Bill, a Schedule. My amendment seeks to take the Schedule out of the clauses of the Bill and to put it where every well behaved Schedule should be, that is, at the end.

I hope that the moving of this amendment does not prevent any amendments being moved on the Schedule itself.

The HONOURABLE THE PRESIDENT : Certainly not ; but I should like to hear from the Honourable the draftsman of the Bill that that is the effect of the motion.

The HONOURABLE MR. H. MONCRIEFF SMITH : That will be the effect of the motion. There are one or two amendments later on which deal with amendments in the Schedule, which is now included in clause 4. The Honourable Movers of those amendments, I presume, will be at liberty to substitute amendments to amend the Schedule as it will stand in the Schedule to the Finance Bill.

The HONOURABLE THE PRESIDENT : I put the question on that understanding.

The motion was adopted.

The HONOURABLE SIR MANECKJI DADABHOY : There is an amendment in my name, Sir.

The HONOURABLE THE PRESIDENT : Not in the clause. Let us get on with the clause and we shall come to the Schedule later. It is quite open to Honourable Members to speak on the general principles of the clause. I do not wish to shorten the discussion at all. But if there are no amendmenst on the clause I propose to put the question

The motions that clauses 5 and 6 stand part of the Bill were adopted.

The HONOURABLE THE PRESIDENT: Now we come to Schedule I and it is open to any Honourable Member who may have amendments on Schedule I to move them.

The HONOURABLE MR. COOK: Sir, I beg to move that in item 5 of the Schedule I after the words 'Pearls unset' the words 'and imported unpierced' be added.

I think, Sir, that I can say this amendment deals with a non-controversial matter. As the Council knows, there is a fairly large pearl industry in India. Pearls are imported in a raw and unpolished state and are exported to Europe, and under the present law they are on the free list. There is an amendment standing on the paper in the name of some Honourable Member moving that they should be transferred to the taxable list, but I shall not deal with that at present. The point of my amendment is this. It has been pointed out to us that under the wording of the relevant item in the clause, pearls if imported unstrung would escape all duty. For example, if a lady bought an expensive necklace of pearls in Paris, and, just before getting into Bombay, she cut the string, she could say to the Customs Officer, 'look here, my pearls are unset.' So far as pearls are concerned, item 5 was intended to relate to only pearls imported in a raw state, that is to say, unpolished and coming into this country to be polished, or to be re-exported and this amendment is proposed in order that the exemption may not be abused in the manner I have described.

The HONOURABLE SIR M. C. NANDY: Sir, the amendment which I propose to move is . . .

The HONOURABLE THE PRESIDENT: The question before the Council is the Honourable Mr. Cook's amendment No. 3.

The HONOURABLE MR. SETHNA: I have not been able to follow the Honourable Mr. Cook in the alteration he has proposed. I was under the impression that the law at present permits a lady passenger bringing her jewellery with her without paying any duty. In such a case, I do not suppose the Honourable Member would desire that lady should pay any duty.

The HONOURABLE MR. E. M. COOK: That was not my intention.

The HONOURABLE MR. SETHNA: I understood the Honourable Member to say that if a lady purchased an expensive necklace in Paris . . .

The HONOURABLE MR. E. M. COOK: Sir, I beg to substitute the word 'trader' for 'lady.'

The HONOURABLE MR. SETHNA: Very well, Sir, even if he be a trader, I would like to point out that the trader would have paid the duty in the first instance when the pearls, whether pierced or unpierced, came to this country and were exported to Europe. If it so happens that someone purchases the pearls in Europe and brings them back to this country, it would be a case of the duty being paid twice over. I would, therefore, request the Honourable Member to reconsider his amendment.

The HONOURABLE MR. SEDDON: I rise to a point of order, Sir, if another Honourable Member with an amendment relating to pearls brings his amendment on for discussion after this has been decided on, would it be in order? It relates to placing pearls on the taxable list.

The HONOURABLE THE PRESIDENT: I understand that the amendment referred to is that of the Honourable Sir M. C. Nandy which undertakes to take this out of the list of articles on which the duty is free and to place it on the taxable list. The Honourable Mr. Cook is at present moving an amendment which will not alter the taxation at all. I think it is merely to fill what he considers to be a loophole. We had better take a decision on that first. I will, therefore, put Mr. Cook's amendment.

The HONOURABLE MR. SETHNA: I am sorry, I made a mistake. I said that the trader would pay the duty twice over, but I find that this is not so. The trader imports his pearls unpierced and consequently pays no duty when he gets them in India from Arabia. If for any reason he wants to get them back from Europe after they are pierced, it is only right that he should pay duty.

The amendment was adopted.

The HONOURABLE THE PRESIDENT: Having cleared that point, I think, the next step would be to ask the Honourable Maharaja Sir M. C. Nandy to move his amendment. But before he does so, I call upon him to explain how he avoids the ruling I laid down at the last meeting that he cannot move to enhance taxation, unless he can show, of course, that this amendment is merely an enhancement equivalent to some reduction of other taxation which he proposes.

The HONOURABLE SIR M. C. NANDI: I beg to withdraw my amendment which runs as follows:

'That item No. 5 be omitted from Part I and the entry in column 2 thereof be added to item 81 in Part IV.'

The amendment was by leave of the Council withdrawn.

The HONOURABLE THE PRESIDENT: Does the Honourable Mr. Sethna desire to move his amendment?

The HONOURABLE MR. SETHNA: Yes, Sir. I beg to move—

That the following item be inserted after item 25, namely :

'The following articles when imported by the owner of a cotton weaving mill and proved to the satisfaction of the Collector of Customs to be intended for use in the weaving of cotton or the baling of woven cotton goods :

Aniline blue, Bisulphate of soda, China clay, chloride of magnesium, chloride of zinc, Dressalin, Epsom salts, Farina, Farinina, Flannel taping, Glauber salts, Glutina, Glycerine substitutes, Heald varnish, Hoop iron, Hoop steel, Rivets for bales, Sewing needles, Sizing paste, Sizing wax, Soda ash, Starch, Velvet pulp.'

Sir, the items mentioned in my amendment appear in the present Sea Customs Act in the list of articles which are duty free. They were made duty free when excise and customs duties were first introduced. I may mention that the then Finance Member, Sir James Westland, intended to levy a duty on these articles as well and duty was so levied for a time. On a strong representation, however, being made to him by those interested in the cotton trade, exemption was given to these articles on the ground that these people would be paying duty twice over. And it is the same ground which I take to-day for bringing forward my amendment to exempt these articles from the payment of any duty whatsoever. I am aware, Sir, that in another place, a similar amendment was brought forward some days ago, but Government opposed it and the opposition from Government was on the ground firstly, that the cotton mill industry is at present enjoying very prosperous times, secondly, that the import duty paid on these articles would represent a very small amount paid by each individual mill and therefore would not be felt by them, and lastly,—and this is the reason I believe to which they attach the greatest importance—administrative difficulty. Sir, I quite understand that the cotton mill industry is at present in a very flourishing condition. But every industry, whether it is cotton, jute, or anything else, has its ups and downs, has its good years and bad years, and it does not follow that because they are making a profit to-day, they will continue to do so hereafter. We must bear in mind that this Act is not for a period of twelve months but for an indefinite period. I would therefore, Sir, on the ground that they are levying duty twice over, request Government to consider their decision. I do not exactly know what revenue Government will derive from this source—I mean what the loss of revenue will be to Government if they exempt these articles from duty. An Honourable Member behind me interjects a remark 'Rs. 10 lakhs.' But I am afraid 10 lakhs does not represent the loss on these articles alone. If I understood the Honourable the Finance Member aright in the course of the speech he made in the other House I think he said that Rs. 10 lakhs would represent the loss if no duty was charged at 2½ per cent. on machinery and stores, including these articles. If my contention is right, then the loss of revenue is not Rs. 10 lakhs but very much smaller. What exactly it is, I do not know . . .

The HONOURABLE MR. E. M. COOK : Rs. 4 to 5 lakhs.

The HONOURABLE MR. SETHNA : If it is Rs. 4 to 5 lakhs, then there is greater reason in support of my amendment, namely, that for the sake of Rs. 4 to 5 lakhs Government ought not to impose this duty, particularly—again I repeat it—for the reason that these articles will be paying duty twice over. Of course it will be said that the mills will now benefit by the excise duty to a larger extent and they ought not to grudge, but that argument, Sir, ought not to hold good.

Then again, there is the question of administrative difficulty. I understand Government attach very great importance to this. Now, Sir, we are not running the Customs Department so that they should study their own convenience. I am sure that this Council which is composed of so many commercial magnates will see the force of the argument advanced in favour of mill-owners that on no article should duty be paid twice over. It is only on that ground, Sir, that I propose this amendment, and I hope that Government will be pleased to see that this duty is removed on these articles.

The HONOURABLE SIR MANECKJI DADABHOY : Sir, I support this amendment. It is not a question of the prosperity of the mills, but it is a question of principle. I am sure the Government of India will uphold the principle that no article or commodity should be taxed twice. If that principle is upheld, my submission is that there is no justification for imposing this duty after a long period of 25 years during which there has been a total immunity from any taxation. My friend Mr. Sethna has already referred to the transient prosperity of the cotton industry at present. But in matters of taxation, I submit it is wrong to look to the prosperity of a particular industry at the time. I understand that the Government of India, in matters of taxation, ever since the right of discussing the Budget has been given to the Legislative Councils, have been following some principle or other, and one principle which has been enunciated and which has been steadily followed is that in all matters of taxation, justice should be done, and that people should not be called upon to pay taxes twice over. My friend Mr. Sethna has explained the situation, and I do not wish to take up the time of the Council any further. I therefore support this amendment.

The HONOURABLE SIR ALEXANDER MURRAY : May I ask the Honourable Mr. Sethna what exactly he means by saying that hoop iron, hoop steel, baling rivets, etc., pay taxation twice over ?

The HONOURABLE THE PRESIDENT : If the Honourable Member wishes to make a speech, he must do so. I am quite prepared as I have said to allow a certain amount of

latitude in this debate in view of the special circumstances of the case. If the Honourable Member is merely asking for information, I am quite willing that he should do so. But if he wishes to make a speech, he must remember he can speak only once on the amendment. I am quite prepared to allow the Honourable Member to put a question to the Honourable Mr. Sethna. But what I am not prepared to allow him to do is in the form of a question to put forward an argument.

The HONOURABLE SIR ALEXANDER MURRAY: I quite appreciate all that you say. Sir, I would like to speak on this amendment but I cannot do so intelligently on the information before me.

The HONOURABLE THE PRESIDENT: If the Honourable Mr. Sethna can give the Honourable Sir Alexander Murray the information which he asks for, I would ask him to do so.

The HONOURABLE MR. SETHNA: If the Honourable Sir Alexander Murray desires to omit those items which relate to the baling and moving of cotton, I shall have no objection.

The HONOURABLE SIR ALEXANDER MURRAY: That is not the point, Sir.

The HONOURABLE THE PRESIDENT: I think that a certain amount of irregularity has resulted from this question and answer. I now call upon the Honourable Sir Alexander Murray to speak.

The HONOURABLE SIR ALEXANDER MURRAY: Well, Sir, I say quite frankly that if the Honourable Mr. Sethna or any other Honourable Member of this House can prove that any of these particular articles are paying duty twice over, there is a case for discussion. But I really cannot see that hoop iron, hoop steel, rivets for bales, sewing needles and sundry other items are paying duty twice over. In these circumstances, I do not think that these particular articles should be excluded.

Coming to some of the other items, Sir, I understand that the point made by the Honourable Members is this, that for the last 25 years or so, sizing, which is a generic term used to cover these other things, has been admitted free. But this sizing is used in the manufacture of cotton cloth in this country on which excise duty is paid at 3½ per cent.

The point that the Honourable Member made, if I understood him aright, was that he has now to pay two duties (1) at the rate of 11 per cent. on the sizing when it is imported and (2) an excise duty of 3½ per cent. on the article when it is manufactured, or in other words that this particular article has to pay 14½ per cent. duty subject to slight adjustment as regards wastage and loss. I take it that manufactured cotton cloth from Lancashire or Japan or any other place carries exactly the same kind of sizing as cloth on which the 3½ per cent. duty is paid and that that cloth when it comes into this country has to pay a duty of 11 per cent. Therefore I take it that as regards the Indian manufactured cloth, the point at issue is one of 3½ per cent. not one of 11 per cent. at all. Then my Honourable friend mentioned the case of jute. On the other side of India we manufacture jute more freely than we manufacture cotton. We apply to jute in the process of manufacture oil and other dressing materials much the same as this sizing. Nearly all that oil and materials are imported and pay duty, I think I am right in saying it, at up to about 7½ per cent. Then we pay an export duty on the manufactured goods. That means we are paying an import duty and an export duty, in other words, paying two duties. Mr. Sethna asks particularly for exemption in the case of cotton goods. Well, I do not see why I should not ask for a similar exemption in the case of jute goods. In any event Sir, the point at issue is not one of 11 per cent. but one of the difference between 11 per cent. and 14½ per cent. The point which Mr. Sethna is rightly entitled to urge is about the sizing and that is really a question of 3½ and not 11 per cent.

The HONOURABLE MR. LALUBHAI SAMALDAS: I agree with my Honourable friend, Mr. Sethna, in claiming that the articles which are used for sizing in the cotton industry should be allowed to come in free. I want to give the House, Sir, a few figures about this duty and the excise duty. I speak subject to correction. If I remember aright these articles were made free at a time when excise duty was levied in response to the demand of Manchester. In response to that request and pressure, the excise duty had to be put on. The Government of that day saw that it was unfair to the indigenous mill industry to pay excise duty and also to pay a duty on what I may call for simplicity's sake sizing materials and these will not include hoop iron, hoop steel, etc., which Sir Alexander Murray referred to. The sizing materials were then allowed to come in free and the Bombay mill owners and Manchester importers were in practically the same level. The Bombay mill owners had to pay 3½ per cent. excise duty, while Manchester importers had to pay an import duty of 3½ per cent. In the next stage when the duty was increased to 7½ per cent. the Bombay mill owners were not even then charged anything for the sizing material. They had an advantage, it may be said, of 4 per cent. on the sizing material. The imported goods had to pay 7½ per cent. The manufactured goods in the country had to pay only 3½ per cent. Now I want to show that the Bombay mill owners are in a worse position by putting sizing materials under the 11 per cent. duty. The Bombay mill owners have to pay 11 per cent. on the sizing materials *plus* 3½ per cent. on the finished

goods. Sir Alexander Murray said, and I quite agree, that it is not a question of 11 per cent. but if as I believe the sizing material used is practically double, then it means 11 per cent. on double the materials used that is, 22 *plus* 3½ per cent. so that the Manchester importer is put at a great advantage in comparison with the Bombay mill owners. It is on this ground that we want this duty to be removed. As my Honourable friend, Mr. Sethna, made it quite clear, the total income from this duty is only 5 lakhs. It is small to Government and it is small to the mill owners. Mill owners have always come forward to help Government. We raised 9 crores in Bombay for the Bombay Development Loan and if any more money is required we are prepared to pay, but I want justice to be done. I therefore support the Honourable Mr. Sethna's Resolution.

The HONOURABLE SIR ALEXANDER MURRAY : I just want to make one point clear. In jute mills we have to pay 7½ per cent. on oils and other dressing materials that we use in the manufacture of jute cloth and there is no reason why cotton mills only should get remission for their sizing materials. I should like to make that point clear.

The HONOURABLE MR. LALUBHAI SAMALDAS: You have to pay no excise.

The HONOURABLE MR. E. M. COOK: I must congratulate those of my Honourable friends who have supported this motion on their effort to stampede this Council on high grounds of principle. I am afraid I cannot soar so high, and shall have to deal with the matter on more practical grounds. I quite admit that in theory there is a double duty on a certain number of sizing materials. My first point refers to the fact, which has been very ably put by Sir Alexander Murray, that heald varnish, hoop iron, hoop steel, rivets for bales and sewing needles none of which enter into the manufactured product, have been included in my Honourable friend's amendment. I do not think he has any right to come here and propose an amendment of this kind the effect of which would be to let these articles in duty free. My second point is that, although it may seem *prima facie* reasonable to claim that the mills should not be required to pay twice over on their sizing materials, I see no reason why the mills should claim complete exemption from import duty for sizing and finishing materials. The most they could reasonably claim, even in theory, is the difference between the import duty and the excise duty . . .

The HONOURABLE SIR MANECKJI DADABHOY : Let us have that.

The HONOURABLE MR. E. M. COOK : That is not the present motion. I come to the third point, *viz.*, the matter of administrative inconvenience. It is not merely a case of inconvenience to ourselves and our own officials, but when you get serious administrative inconvenience in a matter of this sort, it always means inconvenience to the public I do not know if the Council quite realises what the inconvenience is over these miscellaneous articles. The working of these exemptions under the existing schedules involves very considerable difficulties, because certain of them—in fact, most of them, I think,—can be used for entirely different types of work, and others can be used for woollen mills which are not privileged. Then again, the question arises of importation by 'Stockists' who may sell to a cotton mill, and the result is that in a very large number of cases, duty is charged provisionally in the first instance and is then adjusted on production of the necessary proof of destination and in many cases duty is charged subject to a refund being granted. Now, all these processes involve considerable inconvenience and running to and fro between the business offices and the Customs offices. It means a subsequent handling of the papers, which probably in the meanwhile have been dispersed to the Accounts Office. It means the expenditure of a considerable amount of clerical and administrative labour. The disposal of every one of these claims tends to clog the Customs machine and makes it work slower, and therefore results in perceptible inconvenience to the general public.

Then, there is another point, Sir. Sizing and finishing materials surely constitute only a very small fraction of the value of manufactured cloth. I have heard it estimated at not more than 5 per cent. at the outside.

The HONOURABLE MR. LALUBHAI SAMALDAS: Nearer 15 per cent.

The HONOURABLE MR. E. M. COOK : In that case there cannot be much cotton in it.

The HONOURABLE THE PRESIDENT: Order, Order.

The HONOURABLE MR. E. M. COOK: This theoretical objection in practice merely applies to the amount of sizing that is contained in the cloth when it comes out of the mill. I submit this is a very small matter, in view of the considerable administrative inconvenience that is caused by these exemptions. If it were really a large matter involving a large sum of money, if it were really a case of harassment of an industry, then I think that administrative considerations should be of secondary value. But when the sum is so small, it is not fair for the cotton industry to come to Government and ask them to make this amendment.

The amendment was negatived.

The HONOURABLE MR. E. M. COOK : Sir, I beg to move amendment No. 6 on the agenda paper :—

6. That for item 41 the following be substituted :—

'41. PETROLEUM, including also naptha and the liquids commonly known by the names of rock oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine and any inflammable liquid which is made from petroleum coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the classes of petroleum included in No. 41-A.	Imperial gallon.	One anna and six pies.

NOTE.—Motor spirit is liable to an additional duty of six annas per gallon under Act II of 1917, as amended by Act III of 1919.

41-A. PETROLEUM which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.'	*ad valorem.*	7½ per cent.

Sir, I think, I need only explain quite shortly the object of this amendment. Some years ago, I forget exactly when it was, a concession was made in favour of these various oils, known generally by the name of lubricating oils, and they were placed in the *ad valorem* schedule, the object being to give them a concession as against the other petroleums which were taxed at 1 anna and 6 pies per gallon. As Honourable Members know, the *ad valorem* duty is now going up to 11 per cent. But quite apart from that, the prices of these lubricating oils themselves, have now gone up so much—they have been going up for some years past—that the effect of what was intended as a concession has in practice become a hardship and the object of this amendment is to rectify that by keeping the duty at 7½ per cent. I believe the facts are that with the general *ad valorem* rate put up to 11 per cent. the rate on these classes of petroleum would, in the case of all lubricating oils worth 14 annas or more per gallon, be higher than 1 anna and 6 pies, and for that reason we propose to preserve the old rate of 7½ per cent. It is quite true this will mean a small loss of some Rs. 50,000 as compared with the receipts that would be obtained at 11 per cent., but it is really a paper loss, because against that you have got to set the danger that in such cases importers might claim to have their petroleum taxed at 1 anna 6 pies per gallon, and in that case the burden of proving that it is taxable at the higher rate would be shifted on to the Collector of Customs, who would have considerable difficulty in doing so; and the result of that would be to bring in less revenue than at present.

The amendment was adopted.

The HONOURABLE THE PRESIDENT : The next amendment I have on the notice paper —I do not know if any others have been handed in since—is an amendment to item No. 52 by Mr. Sethna.

The HONOURABLE MR. SETHNA : Sir, I beg to move that in the proviso in Item 52 for the words from 'and are owing to their shape' to the end, the following be substituted :

'and are in fact intended solely for such purpose. Such intention shall in each case be a question of fact and shall be supported by a declaration to be made by the importer.'

I wish to draw the attention of Honourable Members to Item 52 in this Schedule. It has been the intention of Government, all along, to encourage local industries, and therefore, in the past, whilst they allowed machinery free, and there was a general customs duty of 7½ per cent., by this clause in the Act they also allowed the component parts of machinery to come in duty free. Now that the duty is raised from 7½ per cent. to 11 per cent. on almost all articles, if by any chance such component parts have to pay this heavy rate of duty, then it will be a hardship on the importers of this particular kind of machinery. The reason why I have brought forward this amendment is that on account of the wording of the proviso there is considerable difference of opinion between the importers and the Customs Department. I contend that the Customs Department do not put upon the proviso that liberal interpretation which Government intended when framing the Act, with the result that importers have been made to pay duty at 7½ per cent. instead of being allowed to bring in these component parts free. I think, Sir, I will make my meaning clear if I give one of two illustrations of cases which were referred by those concerned to the Indian Merchants' Chamber at Bombay. One of these was in regard to a turbo-rotary generator for a large factory for the production of iron. Now, Sir, a turbo-rotary generator is an essential part of the power plant, but such a

generator cannot be worked without a switchboard. The one cannot be used without the other; but because this component part was called a 'switchboard,' and as the proviso now framed reads 'owing to their shape or to other special quality, not adapted for any other purpose,' the Customs Department contend that, being a 'switchboard,' it can be used as a 'switchboard' for other purposes. The importers contended that this 'switchboard' could not possibly be so used; but they were unsuccessful in their appeal and it was ruled against them.

Another case of the same Company is in regard to what is called a pyrometer. A pyrometer, Sir, is used for the purpose of testing the heat in blast furnaces. It is a kind of electrical thermometer, and because it is a thermometer the Customs Department again contended that it may be used for another purpose and consequently must bear full duty. Now, Sir, I am given to understand that that the so-called thermometer can serve no other purpose than that for which it is particularly intended and imported, and if the Customs Department think that it can be used for another purpose, all I can say is that it can be used for no other purpose than as a specimen in a museum or as a curiosity.

Then, Sir, if these articles cost small amounts it would be a different matter. But the cost of these switchboards and pyrometers runs into five figures and I leave it to the House to imagine the amount of duty that has to be paid by a firm importing machinery of this kind. I could give more instances in regard to machinery, but as those instances are somewhat complex and as Members of this House cannot be expected to know all about complex machinery matters, I think I will give a much easier illustration which, I hope, will go home to the Members. There is a particular kind of knitting machine which is imported in this country. That knitting machine can only be used with a particular kind of needle and that particular needle can only be used in this particular knittin g machine, and nothing else. Yet the Customs Department, relying again on the wording of this proviso, say that because it is a needle it can be used for other purposes and consequently they charge the higher rate of duty for the needle. Is that right? I leave it to the House to decide. It is to remove such an anomaly that I have brought forward my proposal to amend the proviso. I quite understand that Government are anxious that there should be no loss of revenue. My point is that the best criterion is that the importer should make it known to Government that this component part is to be used for that particular machinery for the production of the goods that he is making and is not to be used for any other purpose. Therefore, as my amendment reads, he is asked to give a declaration to that effect, and if he goes behind that declaration it is open to Government to prosecute him criminally. I am sure that no respectable firm would think of importing articles which they are not going to use themselves in the manner indicated. As regards administrative difficulties to which the Honourable Mr. Cook referred, the administrative difficulties of the Customs Department, I doubt if Government can tell us if they have found many cases to show that any undue advantage has been taken of the concession which Government has made. It is, therefore, Sir, to remove this defect that machinery imported for our industries or component parts thereof be not charged at the higher rates that I have brought forward this amendment, so that our industries may be strengthened and enlarged, and I hope that Government will see their way to accepting it.

The HONOURABLE MR. LALUBHAI SAMALDAS: Sir, I rise to support this Amendment. I should make it clear in the beginning that it is not in the interests of any one industry, of any one firm or of any one company that we are pressing for this amendment. The thing is this. I will take one other instance—a hypothetical instance—as Mr. Cook might say. We are placing orders for sugar machinery. We want to have an electric drive and the same difficulty about a switchboard will occur there also. But there is another matter that I want to bring before this Honourable House. We will have to order out with the whole machinery boiling pans and the Customs Department might say that these pans might be used for manufacturing *goor* or jaggery and are therefore liable, not to 7½ per cent. now, but to 11 per cent. duty. This means that it will be a great handicap to the sugar industry. The Customs Department are very efficient watch-dogs of the Government, and can charge 11 per cent. on anything that they like. It is for that reason, Sir, that I cordially support the amendment moved by my Honourable friend Mr. Sethna.

The HONOURABLE SARDAR JOGENDRA SINGH: Sir, I also rise to support the amendment moved by the Honourable Mr. Sethna. Mr. Cook, a little while ago, said that he was not going to stand on the high ground of principle; but I am quite sure that he is not prepared to net in revenue unfairly. What the amendment seeks is a definition of a clause which would exclude certain things which are definitely used for definite purposes, such as pyrometers, on which the Customs Department has been charging higher rates.

I think that the Finance Department should accept this amendment and allow these things to be definitely defined.

The HONOURABLE MR. E. M. COOK: Sir, one would not have thought, from the speeches we have heard on this amendment, that this is a Finance Bill designed purely to provide additional sources of revenue. This proviso in the Schedule is a very old feature, and is not being inserted for the first time now. It embodies a definite principle and my Honourable friend would abrogate that principle and introduce a new one. It may or may not be a good principle and the Honourable Mr. Sethna's principle may or may not be a good one. What I do submit, Sir, is that this is not an occasion on which we can consider a difficult complicated and highly technical subject of this sort.

I only got a notice of this amendment yesterday afternoon and I do not think it is quite fair to this Council to ask them to consider an amendment on an extremely difficult subject of this sort on such short notice . . .

The HONOURABLE MR. SETHNA: Has not the attention of Government been drawn to the very instances I have quoted?

The HONOURABLE MR. E. M. COOK: Not in connection with this Finance Bill, Sir.

The HONOURABLE THE PRESIDENT: I would remind the Honourable Member that one of the reasons why this Finance Bill was taken up on such short notice was on his own application.

The HONOURABLE MR. E. M. COOK: I am not complaining of the shortness of the notice, Sir. What I have said is only by way of explanation and by way of apology to this Council, on behalf of my Honourable friend, for his asking them on this Bill to deal with such an extremely difficult and complicated subject.

I find from the papers I have with me that the question of the interpretation of the existing proviso has been considered at different times for some years now, and, more particularly, quite recently in connection with electrical appliances imported by a well known firm.

I stated just now that my Honourable friend's amendment introduced an entirely new principle in the Schedule, and this may have very far-reaching results. I think the House will agree with me when I say that it is not safe to jump at a decision on such things on short notice. I am quite unable to say what will be the effect on the general operation of the Schedule if an amendment of this kind were introduced, and I am afraid that I must raise the strongest possible objections to my Honourable friend's attempt to rush the acceptance of a proposal of this kind without very careful, detailed and prolonged consideration.

I find that there has been for some time past considerable controversy between the Bengal Customs officials and a well known firm on this subject. The matter has now finally been reported to the Government of India by the Bengal Government, and we have received a letter, dated the 18th March, only two days ago from the Bengal Government enclosing a representation from that firm and placing the whole matter before the Government of India. Now that, of course, will receive very careful consideration, and a decision will have to be arrived at as to the best method to treat this very difficult and complicated question. If the decision on the question does not suit those who have raised it, it will always be open to my Honourable friend to come up again in September and move a Resolution, but I am afraid I must oppose the introduction of a highly complicated subject as this, on the Finance Bill.

The HONOURABLE MR. SETHNA: Sir, in view of the explanation which the Honourable Mr. Cook has given and in the hope that he will consider this question sympathetically and thus render it unnecessary for me to move a Resolution next September, I request that leave may be given me to withdraw my amendment.

The amendment was, by leave of the Council, withdrawn.

The HONOURABLE MAHARAJA SIR M. C. NANDY: Sir, I beg to move:

'That No. 59 in Schedule II, Part III (Printing Presses and Materials', be removed from this part of the Bill and placed in Schedule I, Part I, amongst articles which can be imported free of duty.'

Sir, I have to plead on behalf of a business, or industry if you please, which has already been very hard hit on account of the enormous rise in the price of papers. Already it is becoming difficult even to print and publish necessary and useful books, because of this rise in the price of paper, and if you add at this stage to the cost of production of books by imposing a duty, however small, on Printing Presses and Materials, as detailed in No. 59 of Schedule II of the Bill under consideration, it would almost mean a tax on education and knowledge. Sir, I cannot bring myself to believe that this House will be at all a party to such an iniquitous imposition. You will excuse me to point out to you that, while some of the materials for paper-making, a large number of agricultural implements, dairy appliances, water-lifts, sugar-mills and oil-presses and even all sorts of living animals are exempted from all duties, the primary instruments of instruction and education for the people are to bear a rather inconvenient impost. I appeal to the patriotism of the House not to allow any duty on such machineries and materials as may hamper the spread of knowledge and education in the country.

The HONOURABLE MR. E. M. COOK: Sir, I am afraid that I must oppose this amendment. These articles are already in a favourable position, in that they are only taxed at 2½ per cent. I think that is a considerable concession already, and when we are trying to see how we can most equitably obtain new sources of revenue, I think it is a mistake to give away a source of revenue, however small it may be, and it is also a mistake, if I may say so, to ask the Council to subsidise printing at the expense of the general tax-payer.

The amendment was negatived.

The HONOURABLE MR. E. M. COOK: Sir, I beg to move:

'That for item 73, the following be substituted.

'73. All sorts of animal essential, mineral and vegetable non-essential oils, excluding petroleum as defined in Nos. 41 and 41-A.'

The motion was adopted.

The HONOURABLE MR. E. M. COOK: I beg to move:

'That in item 81 after the words 'imported cut' the words 'and Pearls imported pierced' be inserted.'

The HONOURABLE THE PRESIDENT: The question is:

'That in item 81, after the words 'imported cut' the words 'and PEARLS imported pierced' be inserted.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The next amendment on the paper also stands in the name of the Honourable Mr. Cook.

The HONOURABLE MR. E. M. COOK: I beg to move, Sir:

'That at the end of item 83 the words and figures 'and articles made of silk (see No. 132)' be added.'

I may explain, Sir, that the general rule is that, when articles fall both under a general item and a more particular item, they should be taxed under the more particular item. And according to this rule, certain articles of apparel, millinery, haberdashery and hosiery should fall under items 83 and 98 and not under the general item 132 which is silk piece-goods and other manufactures of silk. This, however, was of course not the intention, and this and the subsequent amendment which I shall move presently is in order to give proper effect to the original intention.

The HONOURABLE THE PRESIDENT: You can move your next amendment, No. 19 also.

The HONOURABLE MR. E. M. COOK: I beg to move:

'That in item 98 after the words 'Haberdashery and Millinery' and after the word 'Hosiery' the words and figures 'excluding articles made of silk (see No. 132)' be added.'

The HONOURABLE THE PRESIDENT: The question is:

'That at the end of item 83 the words and figures 'and articles made of silk (see No. 132)' be added.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The next amendment is a consequential amendment of the above.

The question is:

'That in item 98 after the words 'Haberdashery and Millinery' and after the word 'Hosiery' the words and figures 'excluding articles made of silk (see No. 132)' be added.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The next amendment on the paper also stands in the name of the Honourable Mr. Cook. I do not quite understand his amendment. He will see, if he refers to the Schedule, that the word 'lorries' occurs twice in the item which he is amending. I do not know in which place he wants the word 'namely' to be inserted.

The HONOURABLE MR. E. M. COOK: Before the word 'chassis;' *i.e.*, after the word 'lorries' where it occurs a second time. This is merely a drafting amendment, Sir. I beg to move:

'That in item 85 after the word 'lorries' and before the word 'chassis' the word 'namely' be inserted.'

The HONOURABLE THE PRESIDENT: I understand that this is a purely drafting amendment.

The question is:

That in item 85 after the word 'lorries' and before the word 'chassis' the word 'namely' be inserted.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The next amendment is also in the name of the Honourable Mr. Cook.

The HONOURABLE MR. E. M. COOK: Sir, I beg to move:

'That in item 87 after the word 'cutlery' the words and figures 'excluding electroplated cutlery (see No. 127)' be added.'

I might indeed, Sir, have coupled this amendment with Nos. 13 and 19 because exactly the same reason applies in this case also.

The HONOURABLE THE PRESIDENT: The question is:

'That in item 87 after the word 'cutlery' the words and figures 'excluding electro-plated cutlery (see No. 127)' be added.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The next amendment on the paper stands in the name of the Honourable Maharaja Sir Manindra Chandra Nandi. It appears to me to be open to the same objection that I put to him last time inasmuch as his amendment involves an increase in the rates from 11 per cent. to 20 per cent. I should like to hear his explanation in view of my ruling on the last occasion.

The HONOURABLE MAHARAJA SIR M. C. NANDI: I beg to move No. . . .

The HONOURABLE THE PRESIDENT: Order, order. Before the Honourable Member moves his amendment, I should like him to explain to me how he justifies his amendment in view of my ruling that increase of taxation can only be moved by a Member either on behalf of Government or where it involves such variation in taxation as to make a reduction by another amendment standing in the name of the same Member.

The HONOURABLE MAHARAJA SIR M. C. NANDI: Though I suggest here only a variation in taxation which is made up in my next, I beg to withdraw this *amendment, Sir.

The amendment was, by leave of the Council, withdrawn.

The HONOURABLE MAHARAJA SIR M. C. NANDI: Sir, I have great peasure in moving:

'That Cotton piece-goods (98) and Umbrellas (120) be removed from Part IV, Schedule II, and be made liable to duty at the rate of 7½ per cent *ad valorem*.'

Sir, I feel that a large number of Members of this House will not like this amendment of mine, but nevertheless I feel called upon by a sense of duty to move it in the best interests of my country. Already the impression seems to have gone out in the country that we are a body of people who represent only capitalistic and vested interests, and do not care very much either for the masses or the poorer middle classes. It would be an insult to our patriotism if we would allow such an impression to go deep down into the minds of our people by any act or intention of ours. In moving this amendment, therefore, the effect of your acceptance of which will mean more cheapening of the prices of *dhoties* and *saris*, I stand for the masses and the poorer middle classes, and I expect all members of this House to stand by me in this fight. Sir, it is known to you and every one of this House that the present unrest in the country is due more to economic than to political causes, and it would, therefore, be very much impolitic and unwise at this time of the day to add to the economic struggle of our life. Sir, it is idle to expect that the 250 cotton-mills in India would supply all the necessary wearing-apparel of 320 millions of our people, and, do what Bombay may, a large quantity of our necessaries in that line has got to be brought out from Manchester and outside. If Bombay spindles and looms could supply all the necessaries of our people, I would have myself welcomed to-day the additional duty which the Government of India are seeking to impose on imported cotton piece-goods. But as Bombay cannot supply all our needs, the rest has got to be imported from somewhere. This additional duty, therefore, is bound to send up the prices of cotton-goods imported from outside, and add to the economic pressure of the masses and the poorer classes. As the *dhoti* and the *sari*, so also is the umbrella an essential necessity of life in a tropical and rainy climate. It may be a luxury, but it is a poor man's luxury, and you should think twice before making his life a bit harder than it is by sanctioning a duty of 11 per cent. *ad valorem* on his umbrella. Why, in the name of fairness, I ask you, Sir, should we make living dearer and more expensive than already it is at the present moment? I want the members of this House to forget for a moment the claims of Lancashire and Bombay on our fiscal policy, the bloated finances of the Government of India and their huge disbursements, and to turn their thought to hundreds and thousands of Indians who cannot make both ends meet and who can hardly keep their bodies and souls together.

I would then ask the House to say if these are the people who ought to bear the burden of an additional tax of 3½ per cent. of duty upon the loin-cloths and the umbrellas they use. If the House thinks that we are not touching the poorest classes of our people by this new impost and only helping Bombay, I would not mind it throwing out my amendment. But if we are here to protect and guard the interests of the poor and not to look after the pockets of the rich, I have confidence that my motion will be accepted.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: I just want to ask whethef written speeches are allowed or not.

The HONOURABLE THE PRESIDENT: I think the Honourable Member is well aware that they are. He used to indulge in them at one time himself.

The HONOURABLE MR. E. M. COOK: I have only got one or two words to say on this amendment. In the first place the Honourable Member proposes to transfer imported cotton piece-goods from 11 to 7½ per cent. That would mean an enormous loss of revenue, probably something almost approaching 2 crores. That is all I have to say on that point. As regards umbrellas the Honourable Maharaja has, I think, forgotten that they were taken out of the luxury list by the other House and put in the 11 per cent. list, and now he wants to put them in the 7½ per cent. list. I do not know why.

*That items Nos. 91, 92, 105, 110, 117 and 119 be omitted from Part IV and the entries in column 2 thereof be inserted as new items in Part V at the end.

The HONOURABLE THE PRESIDENT : The question is —

'That Cotton 'piece-goods' and 'Umbrellas' be omitted from items 98 and 120 respectively, and be inserted under a new part as articles liable to duty at the rate of 7½ per cent *ad valorem*.'

The motion was negatived.

The HONOURABLE MR. E. M. COOK : Sir, I beg to move that item No.105 be omitted. With your permission, Sir, I may as well move the consequential amendment, item No. 27, which runs as follows—

'That after item 135 the following item be inserted, namely :

135-A., Jewellery and Jewels.'

I must explain, Sir, that there has been a little inconsistency as regards the treatment of this item of the Schedule, and some change of mind on the part of Government. I will explain how it occurred. It was originally intended to put 'Jewellery and Jewels' into Part V, as I am now proposing, that is to say, to tax them at 20 per cent. It was then represented to us by our advisers that the enhanced duty would probably be an inducement to smuggling, especially through the post and that detection might be very difficult. Since the introduction of this Bill on March the 1st, however, we have received many requests from customs officers all over India to give rulings as to what articles are to be classed as jewellery and what articles as gold or silver manufactures, which, if Honourable Members will refer to item No. 130, are taxable at 20 per cent, and the difficulty of distinguishing these things is so extremely great that we have been obliged to come to the conclusion that on the whole it is preferable to incur the risk of smuggling, and to put jewels and jewellery into the 20 per cent. list. We can only hope that the increased rate on jewels and jewellery which do not escape detection will make up for the loss on those that do escape detection.

The HONOURABLE THE PRESIDENT : The question is :

'That item 105 be omitted and the further question is that after item No. 135 the following item be inserted, namely :

135-A., Jewellery and Jewels.'

The motion was adopted.

The HONOURABLE MR. ALTAF ALI : Sir, the portion of my amendment No. 22* relating to jewels and jewellery has been dealt with already and I beg to withdraw the remainder of that amendment.

The amendment was, by leave of the Council, withdrawn.

The HONOURABLE MR. ALTAF ALI : I beg to move the following amendment—

'That the following be inserted after item No. 121 in Part IV, namely :

Motor cars up to the value of Rs. 7,500, motor cycles, motor scooters, bicycles, and tricycles and parts and accessories thereof, provided that such parts or accessories as are ordinarily also used for other purposes shall be dutiable at the rate of duty specified for such articles.'

I beg to move the next amendment also at the same time. The next amendment, amendment No. 25, runs as follows—

'That for item No. 125 the following be substituted :

125. Motor cars of the value of Rs. 7,500 and over.'

My object in moving these amendments is to protect a certain class of people in whose case the use of motor cars cannot possibly be regarded as luxury. We all know that a certain class of people such as doctors, professional men, business men and busy men who have to use motor cars do so not as a matter of luxury, but for the expeditious discharge of their different callings. It is only for that class of people, Sir, that I advocate the reduction of the duty on motor cars costing say up to Rs. 7,500. I hope I have made myself clear.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN : I think doctors make a lot of money. Why not tax them ?

The HONOURABLE MR. E. M. COOK : I am afraid I must oppose these amendments. In the first place we want money and, so far as I can see, the Honourable Member's proposal, if accepted, will involve a loss of revenue of certainly 10 lakhs and I think more probably of 15 lakhs. That is my first point. My second point is this. The proposal will be very difficult to work in practice. Motor cars usually come out in parts and are put together in this country.

Thirdly, I do not admit for a moment that a man who can afford to keep a car at all cannot afford to pay 20 per cent. We are imposing an *ad valorem* duty, and the fact that it is an *ad valorem* duty surely differentiates between the cheap car and the expensive car. The man with the cheap car pays less than the man with the expensive car.

* That items Nos. 105, 110 and 116 be omitted from Part IV and be inserted at the end of Part V.

†Amendments Nos. 24 and 25 were negatived.

The HONOURABLE MR. E. M. COOK: Sir, I beg to move:

'That in item 137 the word 'including' be omitted.'

The amendment was adopted.

The HONOURABLE MR. H. MONCRIEFF SMITH: Sir, before the whole Bill is put, I have to point out that we now have two items, Nos. 41 and 41-A., and two items, Nos. 135 and 135-A., and there is no item No. 105. This is the result of the amendments made this morning. I beg leave therefore to move that the items of the Schedule (as now amended) to be substituted for Schedule II of the Indian Tariff Act, 1894, be re-numbered consecutively and that all necessary amendments consequential on that re-numbering be made.

The amendment was adopted.

The HONOURABLE THE PRESIDENT: That, I think, concludes the amendments to Schedule I, unless there are any more to be brought forward.

The question is:

'That Schedule I, as amended, stand part of the Bill.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: I now put the question 'That Schedule II stand part of the Bill.'

The motion was adopted.

The HONOURABLE SIR MANECKJI DADABHOY: Sir, I beg to move the following amendment:—

'That in Schedule III to the Bill for the entries under the head 'Letters' the following be substituted:—

'For a weight not exceeding one tola	half an anna
For a weight exceeding one tola but not exceeding $2\frac{1}{2}$ tolas	1 anna
For every additional $2\frac{1}{2}$ tolas or fraction thereof	1 anna'

Sir, I may say that in moving this amendment I am not doing so as a matter of mere form. I know that there is a great body of opinion that the Bill as it has been sent to us amended from the Legislative Assembly is one which requires still further amendment. I also feel that in this matter I have this Council with me and a large number of the members of the Legislative Assembly, as well as the general public. It would perhaps not be fair if I omit to mention that the Honourable the Finance Member also feels that the raising of the half-anna rate will fall hardly on the people. He has emphatically said in his Financial Statement that he would be sorry to see the pice-postcard and the half-anna postage rate for letters abandoned. Fortunately for this House the pice-postcard has been retained by the Assembly, and we have now to deal only with the half-anna postage. My amendment, in other words, seeks to maintain the existing postal charges. I am aware that in moving this amendment we have to face the question of cost, and that is an important consideration. I am also aware of the various arguments that have been advanced for and against any alteration in these rates, but I may at once say that the postal service of the country ought not to be interfered with unless there are very cogent and powerful reasons. So far as our postal service is concerned, I am in a position to satisfy you that the Honourable the Finance Member himself is not in a position definitely to state that the Postal Department of the country is run at a loss of public revenue. As you are aware, at present the two Departments—the Telegraph and the Postal Departments—are combined in one Department. The charges for telegrams were only quite recently raised from 8 annas to 12 annas, and the Honourable Mr. Hailey has stated in his speech that he is not in a position to say what is the loss on the combined Department. If so it is only right to question if there is justification on business grounds for raising the postal rates. The Honourable the Finance Minister has also pointed out that on account of his not being in a position to ascertain accurately whether the Postal Department is run at a loss or not he has indented, or is about to indent, for the services of a Chartered Accountant, who will overhaul the whole Department and find out if the postal service is carried on at a loss at present.

I contend that with these admissions of the Finance Member before us there is no justification whatsoever for making an alteration in the existing postal rates. I do not wish to repeat the arguments which have been advanced in the other House, but I do state that the postal service of the country should be run in such a manner as not to entail a greater cost than what is necessary on the people using it. The Post and Telegraph Departments are the chief arteries of the country. All communications in a big continent like India are carried on by means of letters and telegrams, and all possible encouragement should be given to the people to facilitate their correspondence and to bring the postal and telegraph services within their reach at the lowest charges possible. These Departments are also, I may say, the means

†24. 'That the following be inserted after No. 121 in Part IV, namely:—

Motor cars up to the value of Rs 7,500, motor cycles, motor scooters, bicycles and tricycles and parts and accessories thereof; provided that such parts or accessories as are ordinarily also used for other purposes shall be dutiable at the rate of duty specified for such articles.'

25. 'That for item No. 125 the following be substituted:

125. Motor cars of the value of Rs. 7,500 and over.'

of diffusing knowledge, and I therefore contend that as far as possible the postal service should be run as cheaply as possible. I also contend that the Government ought not to make any revenue out of its postal service. I do not for a moment urge that the Government should run the Department at a loss ; but I contend that the Department should be made, as far as possible, self-supporting and self-contained. The Honourable Mr. Hailey has not, as I have pointed out, been in a position to satisfy the House that the postal service is run at any loss, and I submit that at any rate until the overhauling takes place and proper facts and figures are placed before this Council that the Department is run at a loss, there should be no change or alteration of any kind in the existing postal rates.

Honourable Members must also bear in mind that it is one thing for Government to come up before you and state that the postal service is run at a loss and ask you, therefore, to pay for it, and it is another thing to say that there is a general deficit in the Budget and as we have to meet our general loss we must enhance postal rates. It is the latter position which the Honourable the Finance Member has taken up. I will just read a sentence from his speech : —

'But the claim may be made in some quarters that so long as we are not showing a proved loss on the combined department, the justification, on business grounds, for raising the postal rates does not hold good. To such arguments I have only one reply, and that is financial necessity.'

I contend that in matters of the postal and telegraph services a general deficit in the budget, financial stringency, etc., should not be made a ground for raising the postal charges, because the entire administration of Government, the diffusion of knowledge, the carrying on of all business, the running of railways, and everything else depends on facility of communication, and Government ought to do everything in its power to bring the postal rates within the reach of the general public as far as possible. My other submission is that the Legislative Assembly having retained the present ¼ anna postcard rate, the disparity between the ¼ anna postcard and 1 anna letter is too great, and I do not think that, in justice to the writers of letters who do not resort to postcards, the rate of 1 anna should be maintained. One of the elementary principles of taxation is equality. I am not going now into a dissertation on the principles of taxation; but as the Council are aware, one of the most elementary principles of taxation is that there should be equality, and another principle is that there should be justice. I do not see why those who use ¼ anna postcards should be placed on a better basis. I do not for a moment contend that the ¼ anna for postcards ought not to have been maintained. It is the right thing that has been done and I am thankful to the Department for keeping that rate ; but I say that the disparity is so great and the injustice is so obvious that it ought not to be permitted.

I have already mentioned that all possible facilities should be given for the diffusion of knowledge and information. Now the question is, how is this deficit to be made up ? My Honourable friend Mr. Cook reminded me this morning that in the time of Mr. Gokhale, when we used to have meetings of the Imperial Legislative Council, Government was always taunted that the estimates for expenditure were at times over-estimated and receipts under-estimated, and said that at present Government had nothing up their sleeve and there was no source of income by which this deficit could be recouped. I am grateful to him for this frank statement. But he also told us this morning that there is a surplus of Rs. 44 lakhs; that in the financial voting on the budget there was a saving of Rs. 129 lakhs on the demands and the yield was reduced by Rs. 85 lakhs, thus showing a net saving of Rs. 44 lakhs. This is an important item and goes a long way to relieve the situation. I do not wish to discuss the budget to-day, and we have no right to discuss it ; but, as you are all aware, a large sum of money is put down for military expenditure, nearly Rs. 62½ crores are to be spent for military purposes I feel sure that my Honourable friend the Finance Minister, if he exercises his usual vigilance over the military department, will manage to get at any rate a few lakhs of rupees saved out of such a huge sum as Rs. 62½ crores for military purposes.

I am also of opinion that he is rather pessimistic about our resources for next year. I take this opportunity of complimenting him on the very resourceful budget which he has placed before us, and, as one of the oldest members of this Council, if I judge the situation aright, Mr. Hailey has put the finances of the country on a sound basis for the next ten years.

I do not think that we shall, with this Budget before us and with the numerous propositions of increased revenue, have any difficulty to any deficit, unless, of course, unforeseen circumstances arise. It is my opinion that we shall get a much larger revenue than is estimated by reason of the general *ad valorem* 20 per cent. duty on certain articles, such as motor cars, silk, musical instruments, etc. I am also of opinion that the Honourable the Finance Member will get a considerably higher revenue than he has estimated for by the increase of duty on sugar from 10 to 15 per cent. And he will get a considerable sum under clause 4 by putting the duty at 2½ annas per head on the net rate payable under the existing Act than he originally contemplated. However, I submit that, after all, it is only a matter of a few lakhs. I am making allowance for the 44 lakhs in hand. I see the Honourable the Finance Secretary is looking very hard at me, but I honestly do not think it will affect the situation very considerably.

I may also point out that I am a great believer in the elasticity of our resources. My own experience has been that if we take an average number of years, we find in a larger

number of years, surpluses than deficits, and there is no reason why we should apprehend, taking into consideration the heavy taxation and present conditions, that there is going to be a deficit next year. But if there is, the situation can be easily met. Last year we voted for a surplus of 2½ crores which eventually turned into a loss of 11½ crores. If there is serious apprehension at any time, if the Honourable the Finance Member finds that we are losing a great deal of revenue over the postal service, then he has exceptional powers under the Post Office Act and the Telegraph Act which he can exercise and then come to this Council and ask us to sanction the increased charges. I do not see, therefore, that there is any necessity at present for raising the ½ anna postage stamp to one anna postage. In this connection I might add that there are several other amendments which will be presently discussed. My amendment does not relate to registered newspapers but only to letters, and I think that Government by keeping its postal charges down to their present scale, will gain much more in the long run than it stands to lose. There is a very strong feeling in the country on this subject and not only the general public, but big commercial houses will resent this proposal to raise the charge to 1 anna from ½ anna.

I am aware that this amendment of the Post Office Act will only remain in force up to the 31st March next, but Honourable Members are aware that once a tax has been enhanced, it is a very difficult matter to get it back to its former level, and I feel sure that if the postal charges are now raised, they will never come back to the level that they were before the increase. I know, as a matter of fact, that when deferred telegrams were abolished and the rate went up from 4 annas to 8 annas, it was said that it was only a temporary measure. From 8 annas they have been raised to 12. We have seen no decrease yet, nor do I expect to see any. I submit, therefore, that unless very strong grounds can be made out for this increase, I think the Council will support me in maintaining the present system of the half anna postage.

The HONOURABLE THE PRESIDENT: I see that there are three competing amendments on this paper relating to this particular question. The first stands in the name of the Honourable Mr. Khaparde. I think the first portion of the Honourable Mr. Khaparde's amendment proposes the same thing only in a different form and it will probably be to the convenience of the Council if he moves the first portion of his amendment.

The HONOURABLE MR. G. S. KHAPARDE: Have I only to move one part of my amendment?

The HONOURABLE THE PRESIDENT: Yes, that part which would conflict with the Honourable Sir M. Dadabhoy's relating to letters.

The HONOURABLE MR. G. S. KHAPARDE: I would like to say that my idea was to move my amendment if Sir M. Dadabhoy's was rejected. If his is accepted, then I would not press mine.

The HONOURABLE THE PRESIDENT: If the Honourable Member's amendment is an alternative to the Honourable Sir M. Dadabhoy's then I will certainly allow him to move it later on.

The HONOURABLE MR. SETHNA: Sir, I thank you for the explanation you have given, because we were in some predicament as to what we should do should the Honourable Sir M. Dadabhoy's amendment be considered at the same time as the Honourable Mr. Khaparde's.

Sir M. Dadabhoy has preferred an appeal to Government, and we should like to hear from the Government Member whether it is possible for him to accede to the request that has been made. The taxation for 1921-22 is prepared by the Department concerned and in a manner has justified the Budget being called a poor man's Budget, because the increased taxation will affect the poor man by way of direct taxation to no greater extent than that he will have to pay for his match boxes and for his post cards. So far as the match boxes are concerned, the Legislative Assembly have confirmed what the Finance Department asked for, and I am sure that this Council will heartily endorse the verdict of the Legislative Assembly in throwing out the increase in the post card rate.

Not only this Council, but the country at large, would welcome, if possible, the continuance of the present postal rate for letters as proposed by the Honourable Sir M. Dadabhoy, and I for one cannot understand why a body like the Legislative Assembly should have gone out of its way and have gone one better even than the Honourable the Finance Member himself in the matter of postage for letters and newspapers. The postal rates as amended by that body are tantamount to making the postal rates for letters in this country dearer than the postage rates that prevail in any other part of the world, and that in spite of the fact that in season and out of season we lose no opportunity in proclaiming that India is one of the poorest countries in the world. I cannot therefore comprehend the decision arrived at by that body. And consequently it is up to us to put them right if we can, and preferably to put them right in the manner suggested by the Honourable Sir Maneckji Dadabhoy if it is possible to do so. The Honourable Sir Maneckji Dadabhoy has told us that Government will get more revenue than they expect. The Honourable Mr. Cook this morning gave us figures from which we find that, whilst there has been a reduction of Rs. 129 lakhs in next year's expenditure, there has been a reduction of Rs. 85 lakhs in the yield

of the new taxation, so that there is a surplus of Rs. 44 lakhs. Now, if we keep the postage rates for letters and newspapers at the level that the Honourable Sir Maneckji Dadabhoy proposes in his amendment, I take it that the resultant loss will be a good few lakhs. Roughly speaking, I should think it would be between Rs. 60 and Rs. 70 lakhs. But I will stand corrected by the Honourable Mr. Cook. The Honourable Mr. Cook has told us, to use his own language, that he has not tucked away . . . .

The HONOURABLE MR. E. M. COOK: I think it would be better if I gave the Honourable Member the information. According to our calculations—we have tried very hard to make it accurate—the effect of my Honourable friend's amendment will be that it will turn the amount of Rs. 44 lakhs, which I referred to this morning as being more or less in hand, it will turn that + Rs. 44 lakhs into — Rs. 42 lakhs.

The HONOURABLE THE PRESIDENT: I wish Honourable Members would remember that whenever they turn to another Honourable Member, apparently to exact information and then remain standing, they prevent the other Honourable Member from rising up and giving the information which they desire. They must resume their seat if they desire the Honourable Member to rise and give the information.

The HONOURABLE MR. SETHNA: I did resume my seat, Sir, as I was very anxious to get this information.

Thank you, Sir. I now understand that, if the rates are maintained as at present and as the Honourable Sir Maneckji Dadabhoy desires, we are faced with a deficit of Rs. 42 lakhs. Now, the Honourable Sir Maneckji Dadabhoy has appealed to the Finance Member to let us know if he cannot by any means, even if he has not tucked away the money anywhere else or has nothing up his sleeve, spare this sum of Rs. 42 lakhs in some way or the other. If he can do so I am sure the country at large will welcome the continuance of the present rates. In spite of the amendment which stands in my name, I shall support the Honourable Sir Maneckji Dadabhoy's, but if Government hold out no hope of making up this deficit of Rs. 42 lakhs in any other way, I shall have to fall back on my own amendment.

THE HONOURABLE MR. W. M. HAILEY: Sir, I think it would be most satisfactory to the Council if I were to answer at once the definite point which has been put to me by the Honourable Sir Maneckji Dadabhoy and by the Honourable Mr. Sethna. I shall not proceed any further than that definite point, nor compare the attractions of the various measures that have been placed before the Council. The question put to me is, whether we can or we cannot do without that extra Rs. 42 lakhs. Let me repeat the figures to the Council. On the Bill as it came here from the other House, we have Rs. 44 lakhs in hand. If we leave the postal rates as they stand, at present in practice, and therefore accept Sir Maneckji Dadabhoy's amendment, we shall be Rs. 42 lakhs out of pocket. Now, he says, 'Surely, you can make up that loss'. First of all, he says, pinch the military budget. I have had very considerable experience of trying to pinch the military budget. I have been engaged for months, and my Honourable colleagues on the Executive Council have been engaged for months in that difficult process. As I said in my Budget speech, what we finally decided to give the army was a great deal less than what it desired. Now, does the Honourable Member really think that by applying the thumb screw here or the shears there I can get anything more out of the Military Department? Indeed the experience of all Finance Members is that so far from being able to effect savings on the Army Budget, they generally at the end of the year have to meet an extended bill. Sir, I will say at once that in my opinion, on the present combatant strength we have accepted for the Army and for its auxiliary services, we can save nothing on the present military budget. If at any time any change were to take place in the combatant strength that we have laid down, it might be possible to reduce the demand. But until that is done, I think that the House and the country at large must take it that no savings can be effected on the military budget.

Then, Sir, Sir Maneckji Dadabhoy told me that I was unduly pessimistic in my expectation of revenue, from the increased taxation. Well, my experience not only in this House but also of the criticisms in the country at large has been entirely in the opposite direction. Not from one quarter but from every side we have been told that we shall not raise the revenue we expect; that the depression of trade is so great and that the falling off of exports is so marked, that it is quite impossible for us to expect to get the large sum we have placed in our Budget as the result of the proposed extra import duties. This is the first time, I may say, Sir, that this flattering unction has been laid to our souls, and I confess to my suspicion that it has been laid there on this occasion purely for debating purposes. Can the Honourable Member show that really there is somewhere—although we have said there is nowhere—a little deposit of future revenue tucked away for future use?

On the whole, I believe that it is impossible to expect any larger results from our Customs taxation. But, he says 'after all, you can never be quite sure. Surpluses as a whole have been more frequent than deficits, and therefore it is fair to assume that on this occasion also, we should not be too pessimistic but may look forward to an improvement in our financial situation.'

Sir, there is one indefinite and indeterminate item in our Budget which has met with much criticism throughout; I mean our proposal that we should place in the Budget a

sum of nearly 5½ crores on account of loss in exchange. That proposal, the Council will remember, was placed on a calculation (hardly an assumption) that our exchange may come up to one shilling and eight pence on an average for the year. If that calculation proves false, then, so far from there being anything to save, I am afraid there will be a real deficit. I have had to confess that it was impossible for me to make an accurate calculation or prophesy what the exchange laws were likely to be. I have ventured to place that sum in the Budget, but already, Sir, the prophets of evil are dinning in my ears that that calculation is bound to be in error. Therefore, Sir, so far from our seeking consolation from this, I say that we must honestly try to maintain every item of taxation that we have put forward, and that we must not in any case let go a single anna of the proceeds which we hope to obtain.

Sir, if surpluses have been more frequent on an average of years than deficits, what has been the total result? Let me take only the history of the last few years. There is no use looking back on that distant past when Finance Members used to come down to the House with repleted coffers and with the confident knowledge that they could deliver large doles to the provinces or remit taxation. That state of things is unhappily no longer the case. We have had first a deficit of 6 crores, then a deficit of 23 crores and then a deficit of 11 crores; and yet after that the Honourable Sir M. Dadabhoy says that you can look another deficit in the face with a smile. I say it is impossible to attempt it. Therefore, in answer to the question whether we can spare that 42 lakhs, I say very definitely, Sir, we cannot spare that 42 lakhs. Sir, I am a responsible Finance Member and not Mr. Micawber.

The HONOURABLE MR. E. S. LLOYD: Sir, we have all discussed this matter carefully outside the House and I rise now to make a suggestion rather than a speech. I understand that at the present moment we are considering the Honourable Mr. Sethna's amendment to the Honourable Sir M. Dadabhoy's amendment.

The HONOURABLE THE PRESIDENT: We are now considering the Honourable Sir M. Dadabhoy's amendment.

THE HONOURABLE MR. E. S. LLOYD: Then, Sir, my suggestion is this. The Honourable Sir M. Dadabhoy has another amendment on the paper. It is, I think, clear that we cannot accept his present amendment, and I suggest to him that he withdraw it so that we can compare his other amendment with that of the Honourable Mr. Sethna.

The Council adjourned for lunch till 2-45 P.M.

The Council re-assembled after lunch, with the Honourable the President in the Chair.

The HONOURABLE THE PRESIDENT: We will now resume the adjourned debate on the Honourable Sir Maneckji Dadabhoy's amendment.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: Sir, my Honourable friend has to-day raised a question of the Army and, as I have got some connection with it, I want to say this, that if that Army did not exist and did not stand ready at the back of the Empire . . . .

The HONOURABLE SIR MANECKJI DADABHOY: I rise to a point of order, Sir. I never said that the Army should not exist or anything of that sort. I only mentioned that my Honourable friend the Finance Minister may exercise a policy of retrenchment in regard to the Military Budget.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: It comes to the same thing. I only want to draw the attention of this Council to the fact that when nearly every service has got its pay increased, it is only the Army that hitherto has not had its pay increased. I know for certain that it does feel it and that is why I say that people should consider the needs of the Army . . . .

The HONOURABLE THE PRESIDENT: Order, order. The observations of the Honourable Member on the Army are exceedingly interesting and no doubt very valuable, but in the present instance we are discussing the question of postal rates, and he can only refer to the subject of the Army if it bears on that.

The HONOURABLE COLONEL SIR UMAR HAYAT KHAN: I mean, Sir, that if this Resolution is carried naturally there will be a deficit and we shall want more money. So I think the best way is to leave this tax alone, because hundreds of people who have just read up to the third or fourth standard and have nothing else to do go on writing letters. In just the same way we find that third class passengers are in trouble. A few of them are going to a place where they need to go. Somebody—their relation's stomach is out of order and they go. Just like that any man who has nothing else to do will sit down and write letters and worry everybody. So I think the taxation is being levied quite properly.

Amendment.

The HONOURABLE MR. LALUBHAI SAMALDAS: I want to ask a question. The Honourable Mr. Hailey said that the financial loss to the Government would be 42 lakhs if the Amendment was carried. Can the Honourable Mr. Cook give us any details of how the figure is arrived at?

The HONOURABLE MR. E. M. COOK: I understand, Sir, that you wish me to give this explanation. I think I can do that. The proposal in the Finance Bill as introduced would have produced a yield, so far as letter and post card rates are concerned, of Rs. 171 lakhs. The Honourable Sir Maneckji Dadabhoy's Amendment would wipe this out, for Sir Maneckji says 'As you were.' If you take away from this 171 lakhs 129 lakhs that gives 42 lakhs.

The HONOURABLE NAWAB SIR BAHRAM KHAN :* Sir, the amendment put forward by Sir Maneckji Dadabhoy in connection with postage is such that it requires adequate consideration as it deals with the public, may they be of higher or lower strata. This is the kindness of the Government to all the subjects, but the Honourable Finance Member tells us that by adopting the amendment we will be losers by 42 lakhs. Even considering that I think something should be done in the direction, but at any rate I do hope that nothing would be further levied on the one-quarter anna post card.

The HONOURABLE DIWAN BAHADUR RAMABHADRA NAIDU : Might I ask what the Honourable Member, who has just sat down (Nawab Sir Bahram Khan) said as I did not understand it ?

The HONOURABLE THE PRESIDENT : I am surprised at the Diwan Bahadur's request, but I think he is almost alone in not understanding what the Honourable Member has said. (Laughter.)

The HONOURABLE DIWAN BAHADUR RAMABHADRA NAIDU : Perhaps one of the European Members who knows the language will comply.

The HONOURABLE THE PRESIDENT : Order, order.

The HONOURABLE MR. E. L. L. HAMMOND : Sir, the real point at issue, I think, is this question of the half-anna postage. The Honourable Sir Maneckji Dadabhoy based his case on two points chiefly. One was the advantage that the post offered of diffusing knowledge. Now if we take this suggestion literally, I think it is obvious that a post card has the advantage over a letter in this respect. From the time it goes to the post office to the time it leaves the postman's bag it can be an advertisement to all and sundry. So if it is merely a case of diffusing knowledge the taxpayer secures this by retaining the post card. The second point was the great disparity in price between the post card and the letter. The post card is to cost one pice, the letter an anna. But this disparity is the price paid for privacy. That is what it comes to, and in England, when the price of a letter was doubled, a very large number of people took to using post cards. Instead of writing letters they wrote post cards. There seems to be no reason why in India the same procedure should not be followed. If a man wants to write at any length he can use two post cards or three for the matter of that—and even then he would save money. It seems to me that it is not a very great hardship to ask a man, under existing circumstances, when revenue has to be raised, to pay an anna for what after all is more or less a luxury—the luxury of privacy. That is the point that I would put before the Council. It is not really bleeding a man to ask him to pay an anna. We have had increases on other things—an increase on umbrellas, an increase on cigarettes. Those which I used to buy for Rs. 1-8 now cost Rs. 3. The price of many things has been enhanced, and it seems fair to ask that all classes of the community should take their share in the taxation.

The HONOURABLE RAJA P. N. ROY OF DIGHAPATIA : Sir, the Honourable Mr. Hammond just now referred to post cards. If one post card, he said, is not enough, have two or three. But if one of these goes astray how are people to know what it contained ? Three post cards are written, and the second one, say, is missing—what becomes of the message ? That is one argument against post cards. Another argument is that even poor people have need of privacy sometimes and they would prefer covers. If only post cards are used they cannot communicate confidential or private messages. I do not think therefore that post cards are enough to satisfy the wants of the poor.

The HONOURABLE Mr. E. M. COOK : I fully appreciate the difficulty, Sir, which is in the minds of Honourable Members as regards the postage rates on letters. On the one hand, it is quite evident, I think, from the tone of the speeches we have heard, that this Council, composed as it is of Honourable Members of weight in the country, has no wish whatever to embarrass us by placing insufficient funds at the disposal of the Government to carry on the administration. I feel quite sure that no one here wishes to embarrass the Government in that way. On the other hand, it seems, I think, to most Honourable Members that this particular change—I refer to the abolition of the half-anna postage—is one of those changes which will go home to people very widely. I have not heard it seriously argued to-day that it is going to be any actual hardship. In fact, as the Honourable Mr. Hammond has pointed out, the rise in the price of a letter will be very much smaller than the rise which has occurred in the prices of all other commodities and a good deal smaller than the increase which has occurred in wages. I have not heard the hardship argument seriously put forward. No doubt what is at the bottom of the minds of those Honourable Members who have supported the amendment is that this is a change which will be noticed very much throughout

*Translation of a speech delivered in the vernacular.

the country, and I have no doubt that those Members wish to save Government, and perhaps the Legislature too, from the odium of having put up the postage on letters. I have no doubt they feel that this is a matter which can be taken hold of by unscrupulous people, by agitators and by people who are not working in the best interests of their country, and it is quite possible that that is the feeling at the bottom of the minds of most Honourable Members. I can imagine them saying, why go to all this trouble, and incur all this odium, just for a matter of Rs. 86 lakhs, or, on a division on a balance, of Rs. 42 lakhs? What is this Rs. 42 lakhs? Why, you can get Rs. 42 lakhs in one day by selling Treasury Bills. Now, I think that is the whole trouble. We can. And if we do not get enough revenue to cover our expenditure next year that is what we shall have to do. We shall have to go on selling Treasury Bills and printing currency notes in the way that we have been forced to do for the last three or four years. I submit therefore that it is not a question of Rs. 42 lakhs. It is a question of outrunning the constable or of paying your way. When you have an expenditure of 20 shillings, as Mr. Micawber used to say, an income of 20 shillings 1 farthing means happiness, and an income of 19*s.* 11¾*d.* means just the reverse.

And this brings me, Sir, to the point which the Honourable the Finance Member made this morning. If this were an ordinary year, a year in which things were fairly even, in which even if we were not contemplating a surplus, things were very nearly square, then perhaps there would be a case for letting this extra revenue of Rs. 86 lakhs go. But, as I think the Council knows, the position in the present year and our outlook for next year are very different from that. The Finance Member has explained the position this morning and I do not wish to repeat what he said. I feel sure that if he had been in a securer position, if he had not had to come to the country and ask for this very large additional taxation, he would no doubt have, in his own interests, adopted, let us say, a more cautious rate as the average rate of the year for exchange. He might, indeed, have made rather a greater allowance for the fact that we are now in the middle of a severe trade depression, and that imports will probably, in the course of the current year, fall off considerably. The reason that he has budgetted for as high a revenue as he thinks he can possibly budget for is, I know, because he does not wish to put one pice more taxation on the people of this country than he can help. He does not wish to put a pice of taxation on and then find at the end of the year that it has not proved necessary. I feel quite sure that if the deficit had been smaller, and it were a question of Rs. 10 crores or Rs. 15 crores even, that these postal rates would not have been touched. And this brings me to what Sir Maneckji Dadabhoy says, that we shall be losing next year on our postal administration. My Honourable Friend, I think, if I may say so, rather tried to instil an atmosphere of doubt into this case by referring to the impending visit of a firm of Chartered Accountants to India to overhaul our telegraph accounts. The work those gentlemen will do is, I understand, mainly on the telegraph side. Their work will not alter the fact that we have recently increased the pay of our postal staff by something like Rs. 113 lakhs, and if the present postal rates remain untouched, then next year we shall be losing Rs. 60 lakhs on our post offices. I may say that Government searched their minds for every possible alternative, and if they felt that there was some other way of making up the deficit I think they would have let this particular change go. But they have not been able to think of any, and no Honourable Member has suggested any. There is, I see on the agenda, an amendment in the name of the Honourable Mr. Sethna, No. 33,* which goes some way to meet my Honourable friend's point. The acceptance of that amendment will, of course, bring us in rather less revenue than the Bill as it now stands; but I may say that Government, in order to meet my Honourable friend's wishes as regards this matter, would accept that amendment. But this present amendment, that is now before the House, I am afraid Government must oppose.

The HONOURABLE SIR MANECKJI DADABHOY: Am I to understand that you propose to move that as an amendment to my amendment?

The HONOURABLE THE PRESIDENT: The question before the House is Sir Maneckji Dadabhoy's amendment. I understand that Mr. Cook is unable to accept that amendment on behalf of Government. I therefore put it to the Council.

The question is—

'30. That in Schedule III to the Bill for the entries under the head 'Letters' the following be substituted:

For a weight not exceeding one tola	Half an anna.
For a weight exceeding one tola but not exceeding 2½ tolas . . .	One anna.
For every additional 2½ tolas or fraction thereof	One anna.'

The amendment was negatived.

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* 33. That in Schedule III to the Bill for the entries under the head 'Letters' the following be substituted, namely:

'*Letters.*

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas .	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna

The HONOURABLE THE PRESIDENT : The next amendment on the paper is* No. 31, that of Sir M. Dadabhoy's, but I do not propose to call upon the Honourable Member to move it at this stage. I will now call upon the Honourable Mr. Khaparde to move his amendment, No. 32.

The HONOURABLE MR. G. S. KHAPARDE : The amendment which stands in my name runs as follows :

'32. That in Schedule III to the Bill for the entries under the heads 'Letters' and 'Registered papers', respectively, the following be substituted :

'*Letters.*

For a weight not exceeding half a tola	Half an anna.
For a weight exceeding half a tola and not exceeding two and a half tolas .	One anna.
For every two and a half tolas or a fraction thereof exceeding two and a half tolas	One anna.

'*Registered Newspapers* . . . .

The HONOURABLE THE PRESIDENT : Will the Honourable Member be good enough to move the first half of his amendment ? I will call upon him to move the second half relating to registered newspapers later. But first let us get a decision as regards letters.

The HONOURABLE MR. G. S. KHAPARDE : That suits me, Sir. I was going to ask you to put the items separately to the vote because I think there are Honourable Members who agree with me on certain items, but on other items they do not. My object in introducing the half-anna is that it is a big jump from 3 pies to 12, in fact it is four times that amount. My idea is that we should establish something like a half-way house, and the first objection that has been raised against my proposition is that the paper would be very bad ; but that, I think, would be a matter for the sender and the receiver of the letter. I think that nobody would be hurt by the paper on which the letter is written.

Then it is said that it would be a difficult matter to have a weight of the kind I propose, but that is not my opinion. The Post Office authorities could easily supply a ½ tola weight, and if they really wanted it I am perfectly sure in my own mind that there would be no difficulty. It is not a particular fraction of an ounce, and our weights do not exactly correspond with the weights that are used in England and elsewhere, and therefore we have to make our own arrangements in the matter. It is urged that the tendency is to raise the minimum weight and we are now for the first time going back to half a tola, and I think it was said that that weight obtains nowhere else in the world.

But we should have the minimum weight for the benefit of the poor communities. No Honourable Member, I am sure, will deny the fact that India is at present under peculiar circumstances and that it has a population that is poor. In addition to that, the necessities of the present year have to be taken into account, and I venture to say that the pinch is being felt in most countries, but perhaps not quite so much as in this country because of the famine and pestilence which prevail so often.

According to my calculation—and I cannot say that I am absolutely accurate because I do not claim to be a mathematician—by adopting my proposal as to the half-tola, it will give Government all the money they require. In my opinion, the half-anna postage will induce many people to do away with the 3-pie card and many other ways of using cards ; they would then use the ½ anna letter. Then another point which I wish to put before the Council is that the Post Office Authorities could bring in the folders as we find them in England. The poor people could purchase those folders and write quite a long letter to their friends by that means, without causing any difficulty about its weight.

Then there was an objection raised by one Honourable Member that certain people who have nothing special to do, do write letters needlessly and purely out of idleness. All I can say is that that is not my experience. My experience is that people who have nothing to do, do not often sit down and write letters to their friends, but they write poems and recite and do things of that kind. They do not write letters because it means initial expenditure of ½ an anna. Then those people who have used the post cards for corresponding with their families and their friends will find a great advantage in using the folders I have suggested because they can then seal up whatever they write on the folders and thus prevent their family secrets and their friendly confidences from being made public. There is another alternative which they could adopt with advantage, and that is they could use flimsy paper, but they would, of course, have to ascertain that the weight of their letter did not exceed ½ an anna.

I therefore, submit, Sir, that by adopting my suggestions you will increase the revenue, and by giving the people of this country a concession of this kind, you will be raising the rates in another direction and thus increasing the revenue in that way, that is to say, that you would be giving the poor people a concession and by increasing the rates on higher

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* 31. (To be moved if the above is not adopted.)

That in Schedule III for the entries under the head 'Letters' the following be substituted :

For a weight not exceeding 2½ tolas	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	Half an anna.

weights the rich people will pay more than they are paying at present; a balance will be struck in that way. I have some figures with me, but unfortunately they refer to 1919-20, so my task is really more complicated. However, on a rough calculation, I make the sum to be Rs. 1 crore and 70 lakhs.

That sum, I think, should cover the expenditure which has been mentioned so far as the Service Department is concerned. I for one always considered the Post Office not to be a source of revenue. But apparently one cannot be so sure on that point as things are at present and taking into consideration the exceptional circumstances of the present year. But as for taxing the people in the way proposed, we might just as well form the theory that the Postal Department and the Telegraph Department are not Service Departments, and therefore the State should make some profit out of them. The correct idea is that we should have free postage and free telegraphs and I think that is the idea we should work upon.

I have not got an expert to calculate for me, but very likely the Honourable the Finance Member has one, and, if he does the necessary calculations, I am sure he will find that what I propose will balance the amount and there will be no surplus left and no loss to pay.

And that follows from this consideration, that it will provide a half way house for the poor and will do a great deal of good. Let not everybody think everytime he sits down to write a letter, 'look here, I have got to pay 3 pice more or 4 pice more and so on.' Do not spread discontent. My objection has been anticipated, I know, and has been answered by saying that under other heads we have got greater increases. That is to say, in other places, you have got two sticks, but it is only one stick that is used against you here. Well, I do not think that that will give any consolation to anybody at all It does not and cannot carry consolation. The consolation will be only if in other places you are taxed and here you are let alone. Then alone people will be glad about it. They cannot compare two evils and choose the lesser one and really think it to be very good. As it is said in England, toothache is very terrible except to the person who has not had it. A poor man who cannot spare 3 pies will feel the burden more than anybody else. I therefore, with these few words, recommend my amendment for the consideration of this Honourable Council.

THE HONOURABLE MAUNG PO BYE: Sir, my support to the Honourable Mr. Khaparde's amendment is confined to one item only, that letters enclosed in envelopes not exceeding half a tola in weight be charged half an anna. My object in confining myself to that item only is that Government might be able to accept that, though not all that is put in the amendment. It is not for the benefit of the poor people only but for everybody. Of course the effect of the reduction or enhancement tells more on the poor than the rich and well-to-do. A poor man who looks twice at his copper coin before he spends it would hesitate to write two letters to his friend or people in place of one. The rich and well-to-do people do not care about such a difference as a few annas a day or even a few rupees per month for business or for pleasure. The fashionable people who are more inclined to use thick and substantial envelopes and paper would not care for such a small extra expense. My argument is that poor people and business men would make use of cheap and inexpensive articles more freely than they do of expensive ones. If differentiation is not made between half an anna and one anna letters, there is the probable danger that the number of letters of half a tola weight may be greatly diminished, and that loss may ensue in consequence, instead of Government getting increased revenue on that account; that loss at present cannot possibly be estimated. The Honourable Mr. Hammond asked why a poor man should not write two or three post cards. Well, Sir, that argument is not very sound in one way. A man may want to write only one line. A young man may want to send a few words only of love. He will not want people to see it. He will desire to enclose it in an envelope, just because he does not wish the communication to be exposed to the public eye, and he will be compelled to pay 3 times more, which is not very reasonable. My idea is that thin and opaque envelopes with embossed stamps of half an anna and one anna not exceeding one-fourth tola in weight should be made out by Government and sold to the public at every post office. Perhaps small profits and quick returns may be an expedient worth consideration in connection with the amendment of the one item I now ask for.

THE HONOURABLE MR. A. H. FROOM: Sir, I rise to oppose this amendment and at the outset I should like to say that I much dislike this reintroduction in India of the half tola weight for letters. I hoped that when it was done away with some years ago, we should not see it back in India again. It introduces bad paper which I contend is a nuisance to everybody. It is a nuisance from the commercial point of view. I should not want to press the commercial point of view on Honourable Members of this Council if I thought that we were adding to the hardships of the poor man. I hope to show to Honourable Members later that no hardship is involved to that class. There is another point, and that is the point of view of the Post Office. This, I think, is a point we should not dismiss too lightly. We had a discussion this morning on the question of administrative difficulty, and we were told that we, here, have nothing to do with the administration of the various departments. But as the Honourable Mr. Cook has pointed out to us where there are the difficulties of administration they reflect on the public. I contend that if you have this ½ tola weight for half an anna, the work of the Post Office will be increased enormously. We will have delays in the Post Office. We complain of delays now, and there will be still further delays. I am very much against the introduction of any system which will tend to increase the work of the Post Office. In no other country, I think, is the minimum letter weight as low as ½ a tola. I think the

ounce is about the smallest. Even a tola is less than an ounce, and half a tola will be considerably less.

Before I continue my remarks may I inquire of the Honourable the Finance Member if he would let me know whether he will obtain sufficient money if this amendment is passed.

THE HONOURABLE MR. E. M. COOK: The effect of the Honourable Mr. Khaparde's amendment is Rs. 20 lakhs better than the Honourable Sir Maneckji Dadabhoy's. In other words, the Rs. 44 lakhs that I mentioned this morning as being in the nature of a surplus or something in hand, would be turned into 22 lakhs.

THE HONOURABLE MR. A. H. FROOM: I thank the Honourable Mr. Cook for explaining this at this juncture. Well, Sir, to continue, I contend that it is reasonable to expect the Post Office to pay its way. Personally my own view is that it would be equally reasonable to expect the Post Office to pay us something which would lie to the credit side of the revenue. But I will not enlarge on that too much. I will stick to my point, that I think it is reasonable that the Post Office should be looked upon to pay its way. We have been told to-day that the Finance Department, or rather the other House, has effected a saving of something like Rs. 44 lakhs, by the way in which the Bill has been dealt with in the other place. But I do not see why the whole or any part of this saving should be credited to the Post Office any more than to the Tariff or to Customs or Exchange, or to anything else. Why should the savings all go to the Post Office? This is a point I should like Honourable Members to consider very carefully. I hold most strongly that that Department should be expected to show a profit. Postage is very far reaching, and everybody in this country, rich and poor, high and low, all contribute something towards it, and I should be very sorry to see the Post Office run at a loss and be supplemented by other receipts from the tax-payers.

Then, Sir, I will not detain the Council very long—there is another point I should like to refer to before I sit down, and that is the question of the 'poor man'. We have heard this question of the 'poor man' introduced in this Council on many occasions. It is a flag which some Honourable Members are in the habit of waving very frequently. Now I should like any Honourable Member to get up and point out to me whether the 'poor man' will suffer greatly from the minimum weight for letters being kept at one tola with a slight increase in the rate. We have already heard from the Honourable Mr. Cook that Government are prepared to accept the amendment for nine pies for the first tola. I will just ask the attention of the Honourable Members for a minute to the increase of three pies. There are some people who write more than half a tola and for the increase of three pies, they will get the benefit of another half a tola. Now to revert to the poor man. How many letters a year do Honourable Members think a poor man writes? I am talking of the very poor man. I suggest one a fortnight.

(Voices of 'one a week'.)

Well, calculating roughly on that basis, I arrive at about 12 or 13 annas a year. This is all the extra that the poor man would have to pay towards the postal revenue of the country. That is roughly speaking one anna a month. Is that a hardship? I am sure it would not be a hardship in the province from which I come. In the case of the poor man in Bombay, the wages have gone up 100 per cent. In other parts of the country the increase has not gone quite so high, but so far as Bombay is concerned I decline to believe, gentlemen, that an extra anna a month is going to prove a hardship. I do not think I have got very much more to say. Of course we want to keep before us the interests of the poor man, but the revenue that we should get from this increased postage is not going to affect him. It will come mostly from the commercial people and the well-to-do classes. They must look to pay his extra revenue if the Post Office is to be run without loss. For these reasons I cannot support the amendment of my Honourable friend Mr. Khaparde.

THE HONOURABLE SARDAR JOGENDRA SINGH: I rise to support the amendment of the Honourable Mr. Khaparde. I thought that the Honourable Mr. Froom was going to advance some strong arguments against the return to half an anna postage but Mr. Froom has simply confined himself to the question of convenience. Mr. Cook just pointed out that by Mr. Khaparde's scheme the deficit is reduced to 22 lakhs. I should like to know whether, in calculating this deficit, he has also taken into account the normal increase which he expects.

THE HONOURABLE MR. E. M. COOK: Yes, Sir.

THE HONOURABLE SARDAR JOGENDRA SINGH: Then the main question before the House is how we are going to provide this deficit of 22 lakhs and if we can provide that deficit without in any way taking away from the people the advantage of using the half anna postage which they have so far enjoyed. The main argument in favour of raising the postage is the need for revenue. I am of opinion that if you increase the postage, correspondence will decrease and the anticipated revenue will not come in. If you keep the postage low and you adopt Mr. Khaparde's scheme it will not drive the people to a larger use of post cards and thus half an anna postage will be more largely used, and the required revenue will be more easily secured by keeping to half an anna postage, rather than by raising it. I do not know on what basis Mr. Cook's calculations are based, but judging generally, it seems that by keeping cheap postage which we have so far enjoyed, we shall continue to get increased income. We have so long enjoyed cheap postage, that we should not be deprived of it without very strong reasons. I do not see why we should increase the postage merely because the Post Office finds

it difficult to deal with thin paper. They have dealt with thin paper before; and the weight was raised to a tola as a concession made a few years ago when the Finance Department was overflowing with surpluses. Now we are not overflowing with surpluses, but there is no reason why we should convert a Service Department into a largely revenue-raising Department. Why should the ordinary peasant be deprived of a privilege for the mistakes which the Finance Department made last year which he has so long enjoyed? It has been pointed out that the poor man uses the post only once a week, but there are 300 million people who are using the post and, if you calculate, you will find that the correspondence of these people is much larger than the correspondence carried on by commercial people and the people of the better classes. It is a question of numbers, and so far as I can see it is clear that if you increase the postage, you will decrease the correspondence and the increased revenue expected will not come in. The whole tendency of the budget has been and rightly so to tax the rich and leave the poor alone. We might do the same in this case under Mr. Khaparde's scheme. Then again here is the possibility that if this amendment is lost, and the postage is raised, the other House might still be in favour of having the half anna stamp and the Bill might become a shuttlecock between the two Houses. I, therefore, warn the Members here to take into consideration this contingency before they vote against this amendent.

The HONOURABLE MR. W. M. HAILEY: I think it would be well in the interest of the House if we try to mark the exact stage at which we now are. I gather from the fact that the House has rejected Sir M. Dadabhoy's amendment, that it is fully determined that we should lose no money, certainly not as much money as he proposes over our postal arrangements.

I think that from what we have heard since, I am justified in saying that many Members of this House concede that there is nothing unreasonable, nothing abnormal or unusual, in our attempt to go further and make a little money out of the Post Office. The point has not been touched on at any length here to-day, but it is one which certainly is one worth making because I think it is well to disabuse the minds of Honourable Members of this House of any feeling that it is an improper thing to make money out of your Department of communications. What is England doing? England is proposing to make over 2 million pounds out of her Post Office. Canada is proposing to make three hundred thousand dollars; Japan is proposing to make 75 million francs out of her Post Office. It is not then an unjustifiable proposal that we should attempt to make something out of our Post Office at a time when the general state of our finances render it necessary for us to look for a means of increasing our revenues which will press as lightly as possible over as wide an area as possible.

Those two preliminary points being cleared out of the way, I come now to the question how we can best get the money we want, and how, in getting it, we can avoid injuring the classes whose interests have been represented in the Council to-day? The Honourable Mr. Cook has pointed out that if the House accepts the amendment now before it we shall be 20 lakhs to the bad. I maintain that that is a contingency we should not accept and that we ought to look to some other remedy which will avoid this particular loss. I do not know whether my Honourable friend Sardar Jogendra Singh accepted the Honourable Mr. Cook's calculation; he seemed indeed to think that an increase in other directions might make up the loss that is anticipated. All I can say is that the Post Office officials, who are our guides on this occasion, have made the most careful calculations in this matter and they have come to the definite conclusion that we shall be 20 lakhs down on this particular amendment, and I must ask the House to accept this fact when making up their minds on the question now before them.

Now, if we refuse to go back to the old practice of the half anna letter, to whom shall we be doing an injury? We have already secured the position of the poorest of the population by retaining the quarter-anna post card. The post card, I may say, brings us no money; in fact, it is carried at a loss. We provide the stationery and for three pies we carry the card from Rangoon to Aden and Cape Comorin to Peshawar. No country in the world accepts an obligation so great as that at so insignificant a remuneration. It is said the poor man has his secrets like the rich man. But what man is there who, if he wishes to confide a secret to a friend or to communicate some confidential matter, will scruple to spend one anna? We have heard some calculations to-day of the extra burden that would be thrown on the poor man by raising the letter unit to one anna. It has been suggested that the poor man writes one letter a fortnight. Taking the figures for letters, we find there are 580 million letters despatched, and the population of India is 300 millions. I say there is no room from these figures to suppose that the poor man sends a letter once a fortnight. It is obvious, on a mere arithmetical calculation, that the burden of doubling the letter rate would be so widely diffused that the individual incidence would be practically negligible.

Now, the greatest argument, to my mind, against returning to the old system of the half-a-tola for half-an-anna is of an administrative nature. I ask you to remember—those who remember the time when that system was in force—the mental harassment to which many people were put in trying to so fix the exact weight of every letter that their correspondent at the other end might not be overcharged. I ask you to remember the constant irritation of surcharges when it was found that the letter was over-weighted, and the endless opportunities for petty extortion from the ignorant, to which a meticulous weight of this kind is likely to give rise. What we want to do in our postal arrangements is to be progressive; not to go back to infinitesimal weights and infinitesimal charges, but to have one solid all-round rate which will

make it certain that the postal arrangements will in practice cause as little harassment as possible to the people. That is not a matter lightly to be put aside. It is not a question of involving our own postal authorities or our own postal officials in any difficulties. That is not the point at all. The point is that if you return to this small weight you will cause great difficulties to the public concerned—difficulties which I think they will resent. It is for that reason, Sir, that in another place I myself have always been a steady advocate of the heavy initial weight, and I have maintained that we could have a system involving a heavier initial weight without at the same time involving any additional burden that the ordinary poor man would feel at all. It is for this reason that I say I think we should look for some other solution of our difficulties than that which is contained in the amendment now before the Council.

The HONOURABLE MR. E. S. LLOYD : Sir, the balance of advantage in the amendments of the Honourable Mr. Khaparde and the Honourable Mr. Sethna lies, I think, with the latter. From the discussions which many of us have had during the course of last week, I think there is no doubt that many people are pleased by this idea of going back to the old half-anna rate for half-a-tola. I may say that I was myself at first strongly attracted by this proposal. But I think there can be very little doubt whatever that we cannot give up 42 lakhs of revenue at a time like this. The Government have indicated that they are prepared to meet us half way and to accept the other proposal, namely, that instead of the whole anna for the tola it is quite possible it might be nine pies for that weight. This is, I think, a reasonable compromise, and as the Honourable Mr. Froom pointed out, we should not interfere with weights and a small increase of rate is really of no great hardship to anybody. I do very much ask all Members of this House to give up the present proposal made by the Honourable Mr. Khaparde in order that we may accept the one standing in the name of the Honourable Mr. Sethna.

The HONOURABLE MR. LALUBHAI SAMALDAS : Sir, I rise to support the proposal of my friend the Honourable Mr. Khaparde, and in doing so I should like to clear some misapprehensions that have been raised in the minds of some of the Honourable Members of the House. The Honourable Mr. Froom said that the loss to the Postal Department was 22 lakhs. But if I understood aright the speech of the Honourable Mr. Hailey, the 22 lakhs was a dead loss on the Budget, not on the Postal Department. So that argument is simply wiped out.

Then the Honourable Mr. Froom said 13 annas per annum would not be very hard on the poor man. He spoke, I presume, for his Presidency. I come from the same Presidency. Possibly he spoke for the City of Bombay. He has had no opportunity of knowing the economic condition of the village people.

I have had opportunities of meeting agriculturists and know their condition and know that even 13 annas per annum would mean much to them. It is very easy to brush this aside ; but to poor people the amount counts.

Then, the Honourable Mr. Hailey gave us some figures. He said that 580 millions of letters were sent by 300 million people. Statistics, as I have once before said in this Council, can be made to prove anything. All these 300 million people are not literates. The Honourable Mr. Hailey forgets that even after the advent of the British for a hundred years not more than 15 or 20 per cent. of the people are literate. You ought not to divide 580 millions by 300 millions ; but you must take 15 per cent. of 300 millions and then divide 500 millions by the resulting figure. The manner suggested by the Honourable the Finance Member is not the correct way of using figures.

Leaving this matter aside, we come to the crux of the question which is this. If we are going to have a deficit of Rs. 22 lakhs, we must find some way of meeting it. I quite agree with the Honourable Mr. Cook that we cannot go on issuing Treasury Bills. That is not the way of doing business. But if we are going to find the money, we must tax the rich and not the poor. Does the House want to be told by the public outside, the House that because the House was composed mainly of capitalists and rich men, for the sake of getting a reduction of $\frac{1}{4}$ anna on the tola they are taxing the poor $\frac{1}{4}$ anna more for his half tola ? Let each member think for himself. I ask him to vote for the poor and not for the middle class or the rich people.

With these remarks, I support the amendment moved by my Honourable friend.

The HONOURABLE SIR ALEXANDER MURRAY : In rising to speak on this amendment I may take it we are all agreed that we cannot accept the postal rates contained in this Bill in the form in which it has now come to us from the other House, for a few figures that I will give you make it very plain that these rates ought not to be accepted. As a result of the legislation elsewhere, for 1 tola we are now expected to pay 1 anna as against the $\frac{1}{2}$ anna that we have been paying hitherto ; then for $2\frac{1}{2}$ tolas (that is to say 1 ounce) we are expected to pay 3 annas as against 1 anna that we are paying now, a very substantial difference ; similarly, when it comes to 5 tolas or 2 ounces, we are expected to pay 5 annas as against 2 annas we are paying now ; then, for $7\frac{1}{2}$ tolas we are to be called upon to pay 8 annas as against 3 annas we are now paying ; for 10 tolas, we would have to pay 10 annas as

against 4 annas. I think it is quite clear, therefore, that we should not allow this Bill to pass through the House in its present form, but should endeavour to arrive at a compromise of some description, based on the amendments that are before us. In the first Finance Bill that was laid before us the Government put forward a proposition that the present rate for 1 tola should be raised from ½ anna to 1 anna, and they formally brought forward a proposal that above 2½ tolas the rise ought to be at the rate of ½ anna instead of 1 anna. If we were to accept that proposal, I should think we would be laying ourselves open to the criticism which has been levelled by the last speaker, as regards class distinctions. I am not in favour of Government's original proposal, but I would favour the proposal made in Mr. Khaparde's amendment to the effect that the increased postage above 2½ tolas ought to be at the rate of 1 anna for every 2½ tolas. That, I think, would meet the criticism that was addressed to the House by the last speaker when he said that we were going to introduce legislation for the rich instead of for the poor. Business firms and Government use heavy letters and if we welcome increased taxation in the shape of 1 anna instead of ½ anna for increases above 2½ tolas, then I think we shall reply effectively to the suggestion of the Honourable Mr. Lalubhai.

Then as regards the lower rate, I think myself, Sir, that the compromise suggested in the amendment by the Honourable Mr. Sethna that has still to come before the House is quite an equitable one, and in suggesting that we should go back to ½ anna for ½ tola the Honourable Mr. Khaparde is really asking us to take a retrograde step. The ½ tola weight has disappeared already from our Statutes; why go back to that? I am quite sure that no other country in the world has such cheap postage as we have, and having got away from this very very low unit of half tola, why go back to it, especially when an alternative is given to us in the shape of an extra 3 pies for postage which will cover the one tola letter? The Honourable Mr. Froom has pointed out, though the last speaker objected to the statement, that in Bombay there have been increases in wages to the extent of 100 per cent. We are not so wealthy on the Bengal side, but the increases there are at least 50 per cent. If we ask the public generally to pay 50 per cent. increase in their postage rate, that increase is only commensurate with the increase of wages that has admittedly taken place all through the province of Bengal; and an increase from 6 pies to 9 pies is simply an increase of 50 per cent.

With these few remarks, I beg to oppose the amendment as put forward by the Honourable Mr. Khaparde.

The HONOURABLE MR. LALUBHAI SAMALDAS: I move, Sir, that the question be now put.

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is:

'32. That in Schedule III to the Bill for the entries under the head 'Letters' the following be substituted:

'*Letters.*

For a weight not exceeding half a tola. Half an anna.

For a weight exceeding half a tola and not exceeding two and a half tolas. One anna.

For every two and a half tolas or a fraction thereof exceeding two and a half tolas. One anna'.'

I think the 'Noes' have it.

The HONOURABLE MR. LALUBHAI SAMALDAS: I ask for a division, Sir.

The Council divided as follows:

AYES—13.

Abdul Majid, Nawab.	Maung Po Bye.
Altaf Ali, Mr.	Nandy, Sir M. C.
Harnam Singh, Raja Sir.	Naidu, Mr. V. R.
Jogendra Singh, Sardar.	Pramada Nath Roy, Raja.
Jha, Dr. Ganganath.	Soshi Kanta, Acharyya Chaudhuri, Maharaja.
Khaparde, Mr. G. S.	Zulfikar Ali Khan, Sir.
Lalubhai Samaldas, Mr.	

NOES—21.

Amin-ul-Islam, K. B.	Murray, Sir Alexander.
Bahram Khan, Nawab Sir.	Richey, Mr. J. A.
Barnes, Sir G.	Sarma, Mr. B. N.
Barron, Mr. C. A.	Seddon, Mr. C. N.
Bray, Mr. D. deS.	Sethna, Mr. P. C.
Chatterjee, Mr. A. C.	Shafi, Mr. M.
Cook, Mr. E. M.	Smith, Mr. Moncrieff.
Elliott, Lieut.-Col. A. C.	Umar Hayat Khan, Colonel Sir.
Froom, Mr. A. H.	Wood, Sir John.
Hammond, Mr. E. L. L.	Zahir-ud-din, K. B. Saiyid.
Lloyd, Mr. E. S.	

The amendment was negatived.

The HONOURABLE MR. SETHNA: Sir, I beg to move:

'That in Schedule III to the Bill for the entries under the head 'Letters' the following be substituted, namely:—

'*Letters.*

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas . .	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna'.'

I find that my task is considerably lightened by the discussion which has taken place on the two previous amendments. I think we all recognise that it is very necessary that we should have an intermediate stage between the quarter anna post card and the one anna letter. I for one would certainly welcome the Honourable Mr. Khaparde's proposal, but the reason why I objected to it was that it takes us back to the half tola as the minimum weight of a letter and that is a retrograde policy. However, his amendment has been discussed and thrown out and I need not refer to it any more. The only alternative which appeals to me is a three-fourth anna postage for a letter weighing one tola. The Honourable Mr. Cook stated that the Honourable Mr. Khaparde's proposal, if adopted, would bring in an additional income of 22 lakhs which is not sufficient. My proposal would bring in more; what the probable amount will be I am not in a position to state. Perhaps the Honourable Member in the course of his speech in reply might be able to tell us. I admit that it would not bring in enough to make up the deficit which the Honourable the Finance Member anticipates and therefore in the higher weights I propose a higher rate than what the Department themselves proposed, namely, 1 anna for every 2½ tolas instead of ½ an anna as proposed by them. In other words, what they will lose on the lower letters they may make up in the weightier ones, and thus what they lose in the roundabouts they may be able to make up in the cocoanuts.

Now, Sir, the only argument which I can see that could be brought against my proposal is that the ¾ anna as proposed is not simple enough and that stamps for this amount are not available. Well, Sir, if ¾ anna is not simple enough the same argument will apply to foreign postage. We pay at present 1½ annas and it might be contended that this rate might be two annas or some multiple of one anna. The Post Office could overcome the difficulty by surcharging the existing ½ anna stamps and marking them ¾ anna.

Sir, we are absolutely in the dark, the Honourable Mr. Hailey has told us that the Post Office carries about 580,000,000 letters a year. The Honourable Mr. Khaparde tells us that he is not an accountant and his figures may be wrong. It seems to me that the Finance Department itself is not very sure of its facts and figures.

My appeal to them therefore is that if this Council accepts my amendment and if they find that the three-fourths of an anna rate brings them sufficient revenue, that they will of their own accord reduce the rate to half an anna. I suggest this, Sir, because, it is prefectly competent for Government to do so. The Schedule that has been framed is for maximum weights and for maximum postages. I understand it is open to Government under the Post Office Act to reduce such maximum rates of their own accord if they choose to do so. I do hope, therefore, Sir, that if the acceptance of my proposal does bring in a larger revenue, they will of their own accord reduce the rate of three-fourths of an anna per tola to half an anna, which I am sure, will give very great satisfaction to the masses in this country, as also the lower middle classes, and particularly the business communities.

I have nothing else to add, Sir.

The HONOURABLE SIR MANECKJI DADABHOY: Sir, I do not believe in the policy of the whole hog or nothing. On that principle, and as a compromise I rise to support this amendment. I know considerable inconvenience will be caused by the introduction of a new form of postage in the country. But I think that of the two evils we should choose the lesser one, and accept this amendment, principally because, as I have pointed out, in my speech on my amendment, the disparity between half anna postage and one anna postage is so great that it will meet with unanimous opposition in the country. However, this compromise is one which if not entirely equitable is fair, and I am prepared to accept it. But I do hope, and I appeal to the Honourable the Finance Minister that as this amendment of the Post Office Act is only to last in operation till the 31st March next, if the finances of the Post Office improve, and if the Postal Department becomes a self-supporting institution, he will see his way in the next Budget to remove this additional quarter anna postage and revert to the old practice.

The HONOURABLE SARDAR JOGENDRA SINGH: Sir, I rise to oppose this amendment. The Honourable Mr. Cook will possibly tell us what the effect will be if the three-quarter anna postage is accepted. If the deficit is not made up, the case entirely falls through. It all depends on that. If it does make up the deficit, then there will be some ground for supporting it. Will the Honourable Member kindly tell us how Mr. Sethna's amendment affects the finances?

The HONOURABLE MR. E. M. COOK: Our calculations are, Sir, that the Honourable Mr. Sethna's amendment, taking the three parts together, will bring in a revenue altogether of Rs. 60 lakhs. I may explain that the net effect will be that the Rs. 44 lakhs which I spoke of this morning as being something in hand will be reduced to about 15 to 18 lakhs.

The HONOURABLE SARDAR JOGENDRA SINGH: That, Sir, means that the Government will gain about Rs. 4 lakhs more than by Mr. Khaparde's arrangement?

The HONOURABLE MR. E. M. COOK: No, no. Mr. Khaparde's amendment leaves us Rs. 22 lakhs down on the Budget. Mr. Sethna's amendment puts us Rs. 18 lakhs up on the Budget. There is a difference of Rs. 40 lakhs.

The HONOURABLE THE PRESIDENT: Does that remove the Honourable Member's objections?

The HONOURABLE SARDAR JOGENDRA SINGH: Yes, Sir.

The HONOURABLE MR E. M. COOK: Sir, we are prepared to accept this compromise. But as regards Mr. Sethna's appeal that we should use our powers under the Post Office Act to reduce the rates if possible, we cannot possibly give him any undertaking or promise at this stage.

The HONOURABLE THE PRESIDENT: The question is:

'That in Schedule III to the Bill for the entries under the head 'Letters' the following be substituted, namely:

'Letters.

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas . .	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna'.

The motion was adopted.

The HONOURABLE THE PRESIDENT: The effect of this will, I think, be to dispose of items* 35, 36, 37, 38, 39, 41 and† 31.

I then call upon the Honourable Mr. Khaparde to move his amendment regarding Registered Newspapers. There are several amendments under the head 'Registered Newspapers' and although the Council did not take my advice this morning and decided to take the amendments one after the other, I cannot help feeling that the discussion this morning would have proceeded on better lines if my suggestion had been followed. Perhaps the Council may reconsider the matter on this occasion.

The HONOURABLE MR. G. S. KHAPARDE: Sir, I beg to move that for the heading 'Registered Newspapers' the following be substituted:

'For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas or fraction thereof exceeding twenty tolas	Half an anna.'

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*35. That in Schedule III to the Bill for the entries under the head '*Letters*' the following be substituted, namely:

'For a weight not exceeding half a tola	Half an anna.
For a weight exceeding half a tola but not exceeding two and a half tolas . . .	One anna.
For every additional two and a half tolas or fraction thereof	One anna.'

36 (*2*) That in Schedule III to the Bill for the entries under the head "Letters," the following be substituted, namely:

'For a weight not exceeding one tola	Half an anna.
For a weight exceeding one tola and not exceeding two and a half tolas . . .	One anna.
For every additional two and a half tolas	Half an anna.'

37. That in Schedule III for the entries under the head 'Letters' the following be substituted:

'For a weight not exceeding half a tola	Half an anna.
For a weight exceeding half a tola but not exceeding two tolas	One anna.
For every tola or fraction thereof exceeding two tolas	Half an anna'.

38. That in Schedule III for the entries under the head 'Letters' the following be substituted, namely:

'For a weight not exceeding half a tola	Half an anna
For a weight exceeding half a tola but not exceeding two and a half tolas . . .	One anna.
For every additional two and a half tolas	One anna.'

39. That in Schedule III for the entry 'For a weight not exceeding one tola—one anna,' the following entry be substituted:

'For a weight not exceeding half a tola—half an anna.'

41. That in Schedule III for the entries under the head 'Letters' the following be substituted, namely:

'Letters.'

"For a weight not exceeding half a tola	Half an anna.
For a weight exceeding half a tola but not exceeding two and a half tolas . . .	One anna.
For every additional two and a half tolas	One anna.',

† *Vide* page 516.

Well, Sir, the other House has reduced the quarter anna weight to five tolas. Now, all Indian newspapers that are in circulation and that I know of generally exceed this weight of five tolas. Some of them come up to 6 tolas, others to 7 tolas, and most of them go up to 8 tolas. So, I have allowed eight tolas for quarter of an anna, so that all these small papers that are in circulation in India may pay the same postage of quarter of an anna. The objection is that we cannot possibly in these days cheapen the news that travels if we make these papers pay more by way of postage, and news will not travel at all, and as a consequence, many misunderstandings which ought not to exist at all will only increase. Then again, the other House has allowed only 15 tolas for half an anna. I raise that to 20 tolas, to cover the Anglo-Indian papers that are in circulation now. This is intended to increase the circulation of news, and I suppose that as the deficit has been covered under 'letters' there will be no more talk of the difficulty about a deficit. With these words, Sir, I commend my amendment to the acceptance of this Council.

The HONOURABLE MR. E. M. COOK: Sir, I do not agree with the whole of the Honourable Mr. Khaparde's arguments, but as the Council has done us very handsomely in accepting the compromise about the nine pies postage on letters, and as the amount of money involved here is very small, I do not wish to oppose the amendment.

The HONOURABLE THE PRESIDENT: The question is :

'That in Schedule III to the Bill for the entries under the head 'Registered newspapers' the following be substituted :

'Registered newspapers.	
For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding 8 tolas and not exceeding 20 tolas . . .	Half an anna.'
For every twenty tolas or fraction thereof exceeding twenty tolas . .	Half an anna'.

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is therefore that Schedule III, as amended, stand part of the Bill.

The motion was adopted.

The HONOURABLE MR. E. M. COOK: I beg to move amendment No. 42 on the paper which runs as follows:

'42. That the following be inserted as Schedule IV to the Bill, namely :

'SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

(*See section 4.*)

SCHEDULE I.

(*See section 3.*)

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable.	Two and a half annas'.

This is a purely drafting amendment, Sir. Column 1 of the Schedule as it is now before the Council reads 'including other coaching traffic but excluding foodstuffs'. The wording has, in point of fact, two defects. 'Foodstuffs' is a very indefinite term. It might be held to include all sorts of things such as ghee, fish, etc., in fact anything that is eaten. That was not the intention of the other House, I think; nor was it the intention of Government; the intention was to exclude food grains and pulses. There is one other change. As it stands, the Schedule has got the words 'other coaching traffic'. That is a term that is understood by railway people to mean all coaching traffic other than passenger traffic, but I do not think it would be so understood in a court of law and this amendment seeks to make it clear by inserting the words 'including goods carried by coaching traffic'.

The HONOURABLE SIR MANECKJI DADABHOY: I have given notice of an amendment of this clause.

The HONOURABLE THE PRESIDENT: We must get the Schedule in first. The Honourable Member may then move his amendment. This is a purely drafting amendment, I understand.

The question is that the following be inserted as Schedule IV to the Bill :—

'Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Act, 1917, as set out above.

The motion was adopted.

I now call upon the Honourable Sir Maneckji Dadabhoy to move his amendment.

The HONOURABLE SIR MANECKJI DADABHOY: My amendment is 'that in column 3 of Schedule I in clause 4 the words 'and a half' be deleted.' I am prepared to confess that I have brought this amendment with the object of obtaining authoritative information on the subject. When the Finance Bill was originally introduced, in Schedule IV, they proceeded on the basis of a duty per Indian maund of 82 and some fraction pounds. While here we have the taxation on the basis per rupee of net freight payable under existing Acts. Before I press my amendment I would like the Honourable Mr. Cook to inform me how much more money he will gain by the acceptance of the Schedule as it now stands in comparison with that which he hoped to gain by the original proposal embodied in the Finance Bill.

The HONOURABLE MR. E. M. COOK: I think Sir M. Dadabhoy is referring to the fact that the Finance Bill as originally introduced imposed quite a different tax, *viz.*, a surtax. As regards the gain by adopting the amendment passed in the other House, I can give him the exact figures if the Council is at all interested in them. I think the Council knows that for next year we estimate the gross traffic receipts at 57 crores, including goods and passenger traffic. If we exclude military and railway stores, the total estimated railway earnings on goods traffic next year is just about 44½ crores. If we take away from that 11 crores on account of food grains, firewood and fodder, we get a total of 33½ crores, which is the figure to which we are going to apply the tax of 2½ annas in the rupee. That brings in 524 lakhs. If you add on to that the tax on 'other coaching traffic' it will come to 115 lakhs. If you add Inland river steamers, *viz.*, 30 lakhs, you get a total of 6 crores and 69 lakhs. Take away from that the surcharge of 117 lakhs which already exists, and you get exactly 5 crores and 52 lakhs. It so happens that this is almost exactly the 5½ crores entered in the budget on account of the extra yield from the proposed increase in the surtax.

The HONOURABLE SIR MANECKJI DADABHOY: In view of the explanation given I wish to withdraw my amendment.

The amendment was, by leave of the Council, withdrawn.

The HONOURABLE SIR ALEXANDER MURRAY: I beg to move the amendment which stands in my name. It reads as follows:

'In the Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, for the words 'Two and a half annas' in column 3, the following be substituted, namely:

'Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an inland steam-vessel'.

The effect of this amendment is to provide that goods carried by inland steam-vessel should pay tax to the extent of one half of that payable by goods carried by railway. To explain the position clearly, I would like to go back to the year 1917 when the surcharge was first imposed. It was first mentioned by Sir William Meyer on the 1st March in that year when he said:

'Finally we have decided to impose, as a war measure, a surcharge on railway goods traffic at the rate of one pie a maund on coal, coke and firewood and two pies a maund on other articles.'

That is to say, the surcharge was imposed first of all, as a war measure.

It was in that year that the Finance Member dealt with India's special contribution of £100 million to the war. To enable Government to finance that war contribution, special taxation was imposed, and one of the items proposed was this surcharge on railway goods traffic.

Please note that this war measure, for that is what it was expressly called, was to consist of a surcharge on railway goods traffic only. When the Bill came to be drafted, however, it was found that inland steamers were in competition with the railways for inland traffic, and it was, therefore, decided to make the surcharge applicable to inland steamer traffic, as well as to railway goods traffic. The steamer companies at the time took exception to this new imposition; but recognising it to be a war measure, they ultimately accepted the surcharge as a necessary evil of the times although they did point out that the tax did not apply to country boat traffic. I may add, however, that the incidence of the tax then was not severe, and it consequently did not materially divert or restrict traffic at least as between the railways and the steamers, although it did make a difference as between steamers and country boats which did not pay the tax.

Although this surcharge was admittedly a war measure, force of circumstances had compelled the Government of India to continue this tax up to date. And similarly force of circumstances has again caused Government to look round for a method of imposing fresh taxation, taxation that will return a substantial yield and return it quickly.

In this connection I should like to refer to the speech of the Honourable the Finance Member when dealing with the head 'Railways' in the Budget on March 1st, 1921. He there (page 90) gives certain figures which show that railway traffic returned a substantial net profit of as much as 15 crores in 1917-18 and almost 16 crores in 1918-19, while in 1919-20 it dropped to

9 crores, and in 1920-21 to no more than 5 crores, and next year, assuming that no change is made in rates, it will probably be only 4 crores. He then goes on to say :

'I submit therefore that, quite apart from our present financial necessities, a moderate increase of rates, particularly on goods traffic, the rates for which are mostly still on a pre-war basis, could be amply justified on business grounds. It is not possible, however, to re-adjust the various rates in time enough to give us the money we need during the next financial year. In the case of goods rates, it is a particularly cumbrous business, and requires very careful consideration in consultation with our traffic experts and with the railway companies. We have asked the Railway Board to examine the matter carefully during the course of next year in order to see what enhancements of rates are possible. Meanwhile, as a temporary measure, we propose to make a substantial increase in the surcharge on goods traffic which was imposed in 1917 .'

Later on the next page (page 91) he says :

'The increase now proposed is therefore intended to be in temporary substitution for a general increase of goods rates. In the event of it being found possible before the end of the year to raise the goods rates to the necessary extent, such increases will be substituted next year for part or whole of the additional surcharge now to be imposed. '

Take note, please, that quite apart from our present financial necessities, a moderate increase of rates can be amply justified on business grounds. Take note that it is not possible, however, to re-adjust the various rates in time to give us the money required immediately. Take note, Sir, that the Railway Board have been asked to go into the matter to see what enhancements of rates are possible. Take special note that the increase now proposed is merely a temporary substitution for a general increase in rates, and that when such general increase comes into effect, it will take the place of the additional surcharge now imposed.

It is therefore quite evident why this surcharge is being imposed this year, namely, on account of the falling off in the net profits from railway working. If further evidence of this is required,—it is found in paragraph 15 of the Honourable Member's speech introducing the Budget, where he said :

'It is the working expenses of railways that have been mainly responsible for falsifying our estimate of net receipts ; the bulk of this increase is due to increases of pay given to the railway staffs.'

He talks on similar lines in paragraph 21 where he says :

'Now the same factors that have been at work increasing the working expenses of the railways and decreasing their profits, have also been at work in the inland steamer companies which compete with the railways.'

The steamer companies have therefore gone to the railway companies who are in competition with them, and have said :

'Let us put up our rates in consultation with each other in order to meet our increased working expenses.

To this, the railway companies reply :

'It is quite true we are working at a loss, as some of them are, but all the same we cannot put up our rates just yet,'

with the result that neither can the steamer companies put up their rates, for they are in competition with each other.

Up to this point everything is plain sailing, but it is here that the injustice to the steamer companies begins. The railway companies refuse or delay to put up the rates, but the Government of Inda, who are the actual owners of some of the railways in competition with the steamers, come along and say :

'We cannot wait any longer for you to make up your minds as to the actual rates of freights to be increased. We must have money at once to meet the increased working expenses, or at any rate to make up for the deficiency caused by the falling off in surplus profits coming to us from your railways.'

Government therefore decided to put on an all-round tax—they no longer call it a surcharge—an all-round tax of 2½ annas per rupee of the net actual freight payable under existing Acts. So far as the railways and the Government are concerned, the matter is as broad as it is long. The railway refuse or delay to increase the rates, the Government say : 'We must have the money,' and with the one hand the Government take the money, and with the other hand they spend the money on the up-keep of the railways, or at any rate, in making good the deficiency caused by the loss in their net surplus revenue as the result of the increased cost of working the railways.

So far so good. You will now ask where does the grievance of the inland steamers come in? Well, just as the costs of railway working have gone up, so have the costs of inland steamer working ; and being in competition with each other, so long as the railways refuse to increase their rates, so long also must the steamer companies refuse to increase their rates, and here is where the difference comes in. Unlike railway companies, the steamer companies have no father or mother in the shape of a benevolent Government to come along and assist them. If they had, Government would with one hand collect a tax in the shape of an increased rate of freight on the steamer traffic and expend it in meeting the increased working expenses of the steamers, or at least, in making up the deficiency in the steamers' net profits caused by the increased cost of working. Instead of doing that now what does the Government do? They go to the steamers and say :

'It is quite true the cost of railway working has gone up, and our net profits from the railways have gone down. It is also quite true that the cost of your working must have gone up, and your net profits must also have gone down. Well, we are going to collect a tax which, in the end, will square our accounts overhead,

that is to say, we are going to collect a tax on the railway traffic, and we are also going to collect a tax on the steamer traffic, and we are going to use both taxes to make up for our loss in the railway revenue. But, say the steamer companies, 'Where do we come in? Our working expenses have gone up, our net profits have come down; we quite agree some tax is necessary in order to balance accounts, but you are surely not going to take the tax from our traffic to make up for the deficiency in railway traffic.' To this the Government reply: 'Yes, that is just what we intend to do'.'

Is it any wonder, therefore, that the steamer companies have a grievance?

I think I have said enough to satisfy you that they have a grievance and I believe the Honourable the Finance Member, and the Honourable Mover of this Bill, admit the steamer companies have a grievance. I am prepared even to go the length of arguing that Government are not entitled to any share of the increased tax on the river traffic. Government admit this by saying that the tax is intended to be in temporary substitution for a general increase of goods rates. For, when that general increase in goods rates takes place, I am sure Government have no intention of taking from the steamer companies any share of their increase in the goods rates levied on their river traffic.

I recognise, however, that Government must get money in order to square their accounts this year, and although the steamer companies will not agree with me, I am prepared solely as a compromise to suggest that Government be allowed to make use of this tax on railway traffic for this year only, but I trust Government will also recognise that the steamer companies are entitled to some part of the increase in rates on their traffic in order to meet the increased cost of working their traffic. It is for this reason, and only for this reason, that I put forward this motion to the effect that the tax to be levied on steamer traffic should only be half of the tax to be levied on railway traffic. Now some of you may say—Oh, it will not be fair that railway traffic should bear the increase at the rate of 2½ annas per rupee, while the steamer traffic gets off with 1¼ anna per rupee. I have no authority for saying so, but I think you may take it from me that the steamer companies will not hesitate, wherever circumstances permit, to increase their present freights not only by the 1¼ anna per rupee, which they will have to make over to Government, but also by another 1¼ anna per rupee, which they will require to meet their increased working expenses. In other words, wherever their contractual engagements will permit, the steamer companies will increase their rate by 2½ annas per rupee, just as the railway companies are to increase their freights by 2½ annas per rupee. I trust I have put the position clearly before you, and I therefore now beg to move the amendment standing in my name, which I can assure you I move solely in the interests of equity and fair play as between the Government, the railways and the steamer companies.

The HONOURABLE MR. A. H. FROOM: Sir, I should not like the members of this Council to imagine that because I am connected with ships that go across the sea I immediately rush in and support an amendment in favour of ships that go up a river. When the increased surcharge on the freights of the railways in India was introduced, I must confess that until it was explained to me I did not fully realise the effect of its application to the river steam companies, and I cannot help thinking that the Government did not either. The Honourable Sir Alexander Murray has explained what can only be described as a very grievous wrong to the river steamer companies, and I feel sure that the Finance Department will welcome this amendment of my Honourable friend so that they may have an opportunity of putting right what I have described as a grievous wrong, with very little delay. I feel so keenly about this whole question that I am rather sorry that my Honourable friend has suggested a half way house in his amendment. But at all times I hope that the Government will recognise that the members of this Council are reasonable, and I think it must be with that idea in his mind that my Honourable friend has suggested these half measures. I hope that the members of this Council have followed Sir Alexander Murray closely in his speech because at the outset this question seems a little intricate. You all know that for 4 or 5 years wages have been going up and up and up, and Government sit on the top of the river companies and give them no chance of taking a little additional revenue to meet these increased charges. In fact, they take some of the money that the river steamer companies should be allowed to earn and indirectly put it into the pockets of their competitors of the river steamer companies, the railways. That is the point I want to drive home.

Perhaps I may make a further explanation. I discussed this matter outside the Council with one of my friends and I was countered by a remark,—'Well, there are lots of taxes which are disagreeable and several which are unfair. Take, for instance, the excise tax on the mill industries.' But the point is that the Government are not running a mill side by side and in competition with those they are taxing. In the case of the river steamers they are running in opposition by means of the railways and they sit on the top of the river steamer companies and prevent them from expanding their revenue to meet increased expenditure. As I have said, I am a little astonished that my Honourable friend has proposed a half-way house. I feel so strongly about this tax that I feel quite sure that the Finance Department will welcome the amendment with open arms and thus at once be able to put right what is really a grievous hardship.

With these few words I support the amendment.

The HONOURABLE RAJA PRAMADA NATH ROY OF DIGHAPATIA: Sir, do I understand that Sir Alexander Murray wants Government to impose taxes and give a portion of them to the steamship companies?

The HONOURABLE SIR ALEXANDER MURRAY: May I rise to make an explanation?

The HONOURABLE THE PRESIDENT: I think that if Sir Alexander Murray makes a personal explanation it may clear up some of the difficulty.

The HONOURABLE SIR ALEXANDER MURRAY: The tax is one of 2½ annas on all traffic carried by rail and by river. My suggestion is that river traffic should bear a tax only of 1¼ annas, namely, one half of what the railway traffic should bear, in order that river steamer companies may be given an opportunity of meeting their increased cost of working.

The HONOURABLE RAJA PRAMADA NATH ROY OF DIGHAPATIA: If that is so, I have nothing more to say; but I should like to ask if we are in order in discussing this matter which looks rather like a subvention or something of that sort.

The HONOURABLE THE PRESIDENT: As far as I am aware, the discussion is perfectly in order. I have not quite appreciated the Honourable Member's point of order.

The HONOURABLE MR. C. N. SEDDON: Sir, I have no doubt that the Finance Department will explain the matter so that the Council can understand exactly the position. And when they do that I think perhaps it will enable us to understand it if they will tell us about the position of the feeder railway companies, and whether this 2½ annas which is to be taken from railway companies is to be taken from feeder companies by Government or to go to the feeder companies for their expenses. Because, if it is taken by Government . . . .

The HONOURABLE SIR GEORGE BARNES: I can answer that at once, Sir. It is on all rail traffic.

The HONOURABLE MR. C. N. SEDDON: That is to say, it is taken by Government and not handed back, so that the feeder companies seem to me to be in exactly the same position as the river steamship companies. And it would almost appear that the same treatment should be given to them as should be given to the steamship companies.

The HONOURABLE SIR MANECKJI DADABHOY: Sir, I understand that my withdrawal of my amendment is no bar to my supporting this reasonable amendment of the Honourable Sir Alexander Murray?

The HONOURABLE THE PRESIDENT: None whatever.

The HONOURABLE SIR MANECKJI DADABHOY: Sir Alexander Murray has placed the case in a very clear and cogent manner, and I am of opinion that this House should unhesitatingly accept his amendment. If the amendment is not accepted, in my opinion serious injustice will be done to a service which is doing considerably good work in the country. In fact the compromise which has been suggested by my Honourable friend to-day is nothing more than the offer which the Honourable the Finance Minister generously made to the members of the other House, and I have not the slightest doubt that he will on this occasion accept the amendment which has been moved by the Honourable Sir Alexander Murray. He has explained the case of the railways which stand on a different footing, and when a concession is allowed to railways, it ought in all justice be allowed to the steamship companies because they have to pay extra taxes and are hard hit at present. In my opinion, therefore, it would be a bare act of justice to them if the amendment were accepted.

The HONOURABLE MAHARAJA SHOSHI KANTA ACHARYYA CHAUDHURI: Sir, will the Honourable the Finance Member kindly give us what the cost of this concession will be?

The HONOURABLE MR. W. M. HAILEY: From 12½ to 15 lakhs, Sir.

The HONOURABLE MR. SETHNA: I rise to support this amendment. It seems to me, Sir, from the facts narrated to us by Sir Alexander Murray that Government has entered into competition with private corporations. I just learn on inquiry that these steamship companies have been running for the last 70 years whilst the railways which are running almost parallel came in much later, and these railways are practically run by Government. It is evident that because of such Government competition these companies cannot put up their rates. It is but fair to them, therefore, that Government should meet them to the extent contemplated in the amendment before us.

The HONOURABLE SARDAR JOGENDRA SINGH: Sir, I am not quite clear how this will affect taxation, whether the surcharge is for the purpose of taxation only, or whether it is the fare collected by the steamship companies. If the tax is raised for the purpose of taxation it cannot be surrendered to the steamship companies and I think the correct thing would be to allow the steamship companies to raise their rates in order to meet expenses, but I am not clear as to what the real position is.

The HONOURABLE MR. W. M. HAILEY: Sir, perhaps I need not re-state the whole of the case put by the Honourable Sir Alexander Murray, but I admit that it is not an easy one, and may need some explanation to the Council on our part.

I will give the shortest explanation possible which will, I hope, meet the point of the Honourable Sardar Jogendra Singh. Here you have railways run in close competition with Inland Steamship Companies which themselves compete also with country boats. Now we

found that our railways were running at a decreasing profit; in some cases indeed at an actual loss. Therefore, in order to make that up, we proposed to take a surcharge; we shall apply the money we get from the surcharge either to make up the decrease in profits on the whole railway transaction, or shall utilise the money to meet the enhanced running expenditure. That is our action in regard to our railways. Now take the case of inland steamship companies. As I have said, hard by the railways you have the steamships companies run by private enterprise which are competing on the one hand with railways, and on the other hand with country boats. Now we have to realise as regards the steamship companies that their expenditure has gone up as our own has gone up. That is a fact which everybody must admit. If they are to make things square they must raise their rates, and we should have no objection to their raising their rates, but we must allow them a field in which to do so. The Bill, as we put it forward originally, put exactly the same surcharge on the steamship companies as on the railways. Since these two services are running in competition, the steamship companies cannot raise their rates above the railway rates. But the surcharge we are putting on them makes it necessary for them, if they wish to increase their rates, to raise them above those of the railway. That is to say, if a previous common unit were Rs. 10; we are putting on a surcharge of roughly about Rs. 1-8, both on the steamship companies and on the railways, and if a steamship company raised their rates further, the unit in question would have to be over the Rs. 11-8 which would be applying to railways. We have, therefore, in our original Bill taken away from them any possibility of increasing their freights so as to meet the increase which we all admit to have taken place in their working expenses. It is for that reason that I agreed in another place to a proposition—very much of the same form but with a difference in wording—similar to the amendment which has been moved by the Honourable Sir Alexander Murray.

We have been charged in another place with an act of great injustice in putting the surchange on the railway companies at all. Well, we have continued an existing injustice, and I find that if you repeat your injustices often enough, they become justified. Perhaps that is an over cynical statement of the case; it is more correct to say that I felt that when we were looking for a means of taxation, we were justified in putting some increase on communications and transport. I am quite free to admit, at the same time, that we had not at the time foreseen that by taking such action we should be preventing steamship companies from making an increase in the freights—a step which is absolutely necessary if they are to live. Therefore, when it was pointed out to us that our action did this, we agreed to waive half the surcharge in their case.

There is, of course—if I may make this point quite clear again—no question of a refund. It may be said perhaps more truly that whereas we set out to pick both pockets, we shall now only pick one.

The HONOURABLE THE PRESIDENT: The question is:

'In the schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, for the words 'two and a half annas' in column 3, the following be substituted, namely:

'Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an inland steam-vessel'.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is 'that Schedule IV as amended do stand part of the Bill.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is 'that Schedule V stand part of the Bill.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is 'that Schedule VI stand part of the Bill.'

The motion was adopted.

The HONOURABLE THE PRESIDENT: The question is 'that the preamble stand part of the Bill.'

The motion was adopted.

The HONOURABLE MR. E. M. COOK: Sir, I beg to move that the Bill as amended by the Legislative Assembly and as further amended by this Council be now passed.

The HONOURABLE SIR MANECKJI DADABHOY: Sir, though we have not got an opportunity of discussing the Budget, I feel I should not allow this opportunity to pass without paying our tribute to the Finance Minister for the masterly manner in which he has dealt with a very difficult situation this year and has presented a Budget which will generally meet with acceptance in the country. His lot has been a very hard one. He had to face a situation unprecedented I may say in the financial history of this country. Whilst his predecessors had the good fortune of overflowing receipts he had to face a deficit of a tremendous nature, and with his resourcefulness and his ingenuity, he has grappled with a critical situation at a very difficult time which commands our respect.

I cannot also on this occasion fail to pay our tribute of admiration to the other House—the Assembly—for the conscientious and masterly manner in which this difficult Bill has been settled by them and sent to this Council. They have made the task of this Council easy in many ways.

The HONOURABLE THE PRESIDENT: Order, order. The remarks of the nature of the Honourable Member are an extremely dangerous precedent if harmony is to be maintained between the Chambers. It is neither desirable nor proper that the action taken by or words spoken in the other Assembly should be discussed save in so far as they come before this Council for review. On the present occasion the Honourable Member is speaking words of honey. In the future he might use words of vinegar.

The HONOURABLE THE PRESIDENT: The question is:

'That the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, as amended by the Legislative Assembly and as further amended by this Council, be passed.'

The HONOURABLE MR. W. M. HAILEY: May I interrupt for one minute, Sir? I make the grossest interruption, but I feel that it would be wrong on my part, after having had the privilege of attending the debate in this Council, if I did not in the very briefest way acknowledge on behalf of my Department the exceedingly flattering words which Sir Maneckji Dadabhoy has used in connection with our conduct over the Budget. I again apologise for this interruption, but I do feel that I should be very greatly to blame even at the risk of committing an irregularity, if I did not ask permission to acknowledge what Sir Maneckji Dadabhoy has said on the subject.

The HONOURABLE THE PRESIDENT: If I had been aware that the Honourable Member intended to speak, I would not have commenced to put the question.

The question is:

'That the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, as amended by the Legislative Assembly and as further amended by the Council of State, be passed.'

The motion was adopted.

[AS PASSED IN THE LEGISLATIVE ASSEMBLY AND AMENDED BY THE COUNCIL OF STATE.]

A Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917; It is hereby enacted as follows:— VIII of 1894. VI of 1898. VII of 1918. XIX of 1920. XIII of 1917.

Short title and duration.

1. (*1*) This Act may be called the Indian Finance Act, 192 .

(*2*) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March, 1922.

Amendment of Act VIII of 1894.

2. (*1*) With effect from the first day of March 1921 for the second Schedule to the Indian Tariff Act, 1894, the Schedule contained in the first Schedule to this Act shall be substituted. VIII of 1894.

(*2*) The enactments mentioned in the second Schedule to this Act are hereby repealed to the extent specified in the fourth column thereof.

Amendment of Act VI of 1898.

3. With effect from the first day of April, 1921, for the first Schedule to the Indian Post Office Act, 1898, the Schedule contained in the third Schedule to this Act shall be substituted. VI of 1898.

Amendment of Act XIII of 1917.

4. With effect from the first day of April, 1921, for the first Schedule to the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the Schedule contained in the Fourth Schedule to this Act shall be substituted. XIII of 1917.

Amendment of Act VII of 1918.

5. With effect from the first day of April, 1921, for the first and second Schedules to the Indian Income-tax Act, 1918, the Schedules contained in the fifth Schedule to this Act shall be substituted. VII of 1918.

Amendment of Act XIX of 1920.

6. With effect from the first day of April, 1921, for the Schedule to the Super-tax Act, 1920, the Schedule contained in the sixth Schedule to this Act shall be substituted. XIX of 1920.

It is hereby declared that it is expedient in the public interest that this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918.

SCHEDULE I.

Schedule to be substituted in the Indian Tariff Act, 1894.

[*See section 2 (1).*]

"SCHEDULE II—IMPORT TARIFF.

PART I.

Articles which are free of duty.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
1	HOPS.
2	SALT imported into British India and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stone-ware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in curing fish in those provinces. (For the general duty on salt, *see* No. 36.)
	II.—Raw materials and produce and articles mainly unmanufactured—
	HIDES AND SKINS, RAW.
3	HIDES AND SKINS, raw or salted.
	METALLIC ORES.
4	METALLIC ORES, all sorts.
	PRECIOUS STONES AND PEARLS.
5	PRECIOUS STONES, unset and imported uncut, and PEARLS, unset and imported unpierced.
	SEEDS.
6	OIL-SEEDS imported into British India by sea from the territories of any Prince or Chief in India.
	TEXTILE MATERIALS.
7	COTTON, raw.
8	WOOL, raw
	MISCELLANEOUS.
9	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, nitrate of lime, calcium cyanamide, mineral phosphates and mineral superphosphates.
10	PULP OF WOOD, RAGS and other paper-making materials.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
11	UNIFORMS AND ACCOUTREMENTS appertaining thereto, imported by a public servant for his personal use.
	ARMS, AMMUNITION AND MILITARY STORES.
12	The following ARMS, AMMUNITION AND MILITARY STORES:— (*a*) Articles falling under the 5th, 6th, 8th, 9th or 10th item of No. 43, when they appertain to a firearm falling under the 1st or 3rd item and are fitted into the same case with such firearm. (*b*) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.

SCHEDULE II—IMPORT TARIFF.

PART I—*contd.*

Articles which are free of duty.

No.	Names of Articles.
	(*c*) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (*i*) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (*ii*) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.
	(*d*) Swords for presentation as army or volunteer prizes.
	(*e*) Arms, ammunition, and military stores imported with the sanction of the Government of India for the use of any portion of the military forces of a State in India which may be maintained and organized for Imperial Service.
	(*f*) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.
	CHEMICALS, DRUGS AND MEDICINES.
13	ANTI-PLAGUE SERUM.
14	QUININE and other alkaloids of cinchona.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
15	The following AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, elevators, seed-crushers, chaff-cutters, root-cutters, horse and bullock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, and rakes; also component parts of these implements, provided that they can be readily fitted into their proper places in the implements for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.
16	The following DAIRY APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aërating and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.
17	INSTRUMENTS, APPARATUS and APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.
18	WATER-LIFTS, SUGAR-MILLS, OIL-PRESSES, and parts thereof, when constructed so that they can be worked by manual or animal power.
	METALS.
19	CURRENT NICKEL, BRONZE, AND COPPER COIN of the Government of India.
20	GOLD AND SILVER BULLION and coin.
	PAPER.
21	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.
	YARNS AND TEXTILE FABRICS.
22	COTTON TWIST AND YARN, and COTTON SEWING OR DARNING THREAD.
23	SECOND-HAND OR USED GUNNY BAGS made of jute.
	MISCELLANEOUS.
24	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.
25	BOOKS printed, including covers for printed books, maps, charts, and plans, proofs, music and manuscripts.
	IV.—Miscellaneous and unclassified—
26	ANIMALS, living, all sorts.
27	SPECIMENS ILLUSTRATIVE OF NATURAL SCIENCE, and medals and antique coins."

SCHEDULE II—IMPORT TARIFF.

PART II.

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	I.—Food, Drink and Tobacco—		
	FISH.		
28	FISH, SALTED, wet or dry	Indian maund of 82⅔ lbs. avoirdupois weight.	Such rate or rates of duty not exceeding twelve annas as the Governor General in Council may, by notification in the *Gazette of India*, from time to time, prescribe.
	LIQUORS.		
29	ALE, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	Six annas and six pies.
30	SPIRIT, which has been rendered effectually and permanently unfit for human consumption.	*Ad valorem* . .	7½ per cent.
31	PERFUMED SPIRITS	Imperial gallon or 6 quart bottles.	30 0
32	LIQUEURS, Cordials, Mixtures and other preparations containing spirit—		
	(*a*) Entered in such a manner as to indicate that the strength is not to be tested.	Ditto.	25 0
	(*b*) If tested	Imperial gallon or 6 quart bottles of the strength of London proof.	18 12 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
33	All other sorts of SPIRIT	Ditto.	Ditto.
34	WINES—		
	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit.	Imperial gallon or 6 quart bottles.	9 0
	All other sorts of wines not containing more than 42 per cent. of proof spirit:	Ditto.	4 8
	Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to 'All other sorts of Spirit.'		
	SUGAR.		
35	SUGAR, all sorts including molasses and saccharine produce of all sorts, but excluding confectionery (*see* No. 122).	*Ad valorem* .	15 per cent.
	OTHER FOOD AND DRINK.		
36	SALT, excluding salt exempted under No. 2 .	Indian maund of 82⅔ lbs. avoirdupois weight.	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.
	TOBACCO.		
37	TOBACCO, unmanufactured	Pound . . .	1 0
38	CIGARS AND CIGARETTES	*Ad valorem* . .	75 per cent.
39	All other sorts of TOBACCO manufactured .	Pound . . .	2 4

SCHEDULE II—IMPORT TARIFF.

PART II—*contd.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	II.—Raw materials and produce and articles mainly unmanufactured—		
	COAL, COKE AND PATENT FUEL.		
40	COAL, COKE AND PATENT FUEL . .	Ton . .	0 8
	OILS.		
41	PETROLEUM, including also naphtha and the liquids commonly known by the names of rock-oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine, and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the classes of petroleum included in No. 42. NOTE.—Motor spirit is liable to an additional duty of 6 annas per gallon under Act II of 1917 as amended by Act III of 1919.	Imperial gallon .	One anna and six pies.
42	PETROLEUM which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.	*Ad valorem* . .	7½ per cent.
	III.—Articles wholly or mainly manufactured—		
	ARMS, AMMUNITION AND MILITARY STORES.		
43	Subject to the exemptions specified in No. 12—		R
	(1) Firearms other than pistols, including gas and air-guns and rifles.	Each . . .	15
	(2) Barrels for the same, whether single or double.	„ . . .	15
	(3) Pistols, including automatic pistols and revolvers.	„ . . .	15
	(4) Barrels for the same, whether single or double.	„ . . .	15
	(5) Main springs and magazine springs for firearms, including gas-guns and rifles.	„ . . .	5
	(6) Gun stocks and breech blocks . . .	„ . . .	3
	(7) Revolver-cylinders, for each cartridge they will carry.	„ . . .	2

or 20 per cent. *ad valorem*, whichever is higher.

SCHEDULE II—IMPORT TARIFF.

PART II—*concld.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			₹
	(8) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Each . . .	1 or 20 per cent. *ad valorem*, whichever is higher.
	(9) Machines for making, loading, or closing cartridges for rifled arms	*Ad valorem* . .	20 per cent.
	(10) Machines for capping cartridges for rifled arms.	*Ad valorem* . .	20 per cent.
	CHEMICALS, DRUGS AND MEDICINES.		₹ A.
44	Opium and its alkaloids and their derivatives.	Seer of 80 tolas .	24 0
	MISCELLANEOUS.		
45	Matches—		₹ A.
	(1) In boxes containing not more than 100 matches.	Per gross of boxes .	0 12
	(2) In boxes containing more than 100 matches.	For every 100 matches or fraction thereof in each box, per gross of boxes.	0 12

SCHEDULE II—IMPORT TARIFF.

PART III.

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No	Names of Articles.
	I.—Food, Drink and Tobacco—
	GRAIN, PULSE AND FLOUR.
46	GRAIN AND PULSE, all sorts, including broken grains and pulse, but excluding flour (*see* No. 67).
47	FODDER, BRAN AND POLLARDS.
	PROVISIONS AND OILMAN'S STORES.
48	VINEGAR in casks.
	II.—Raw materials and produce and articles mainly unmanufactured—
	METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE.
49	IRON OR STEEL, old.
	WOOD AND TIMBER.
50	FIREWOOD.
	III.—Articles wholly or mainly manufactured—
	CHEMICALS, DRUGS AND MEDICINES.
51	COPPERAS, green.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
52	TELEGRAPHIC INSTRUMENTS AND APPARATUS, and parts thereof imported by or under the orders of a railway company.
	MACHINERY.
53	MACHINERY, namely, prime-movers and component parts thereof, including boilers and component parts thereof; also including locomotive and portable engines, steam-rollers, fire engines, and other machines in which the prime-mover is not separable from the operative parts. MACHINERY (and component parts thereof), meaning machines or sets of machines to be worked by electric, steam, water, fire or other power not being manual or animal labour, or which, before being brought into use, require to be fixed with reference to other moving parts; and including belting of all materials for driving machinery: Provided that the term does not include tools and implements to be worked by manual or animal labour, and provided also that only such articles shall be admitted as component parts of machinery as are indispensable for the working of the machinery, and are, owing to their shape or to other special quality, not adapted for any other purpose. *Note.*—This entry includes machinery and component parts thereof made of substances other than metal.
	METALS—IRON AND STEEL.
54	IRON, angle. „ bar, rod and channel, including channel for carriages. „ pig. „ rice bowls.

SCHEDULE II—IMPORT TARIFF.

PART III—*contd.*

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No.	Names of Articles.
55	IRON OR STEEL, anchors and cables.
	„ „ beams, joists, pillars, girders, screw piles, bridge work and other such descriptions of iron or steel, imported exclusively for building purposes; including also ridging, guttering and continuous roofing.
	„ „ bolts and nuts, including hook-bolts and nuts for roofing.
	„ „ hoops and strips.
	„ „ nails, rivets and washers, all sorts.
	„ „ pipes and tubes and fittings therefor, such as bends, boots, elbows, tees, sockets, flanges and the like.
	„ „ rails, chairs, sleepers, bearing and fish-plates, spikes (commonly known as dog-spikes), switches and crossings, other than those described in No. 58, also lever-boxes, clips and tie-bars.
	„ „ sheets and plates, all sorts excluding discs and circles which are dutiable under No. 96.
	„ „ wire, including fencing wire, piano-wire and wire-rope, but excluding wire-netting which is dutiable under No. 96.
56	STEEL, angle.
	„ bar, rod, and channel, including channel for carriages.
	„ cast including spring blistered and tub steel.
	„ ingots, blooms, billets and slabs.
	METALS OTHER THAN IRON AND STEEL.
57	LEAD sheets, for tea-chests.
	RAILWAY PLANT AND ROLLING-STOCK.
58	RAILWAY MATERIAL for permanent-way and rolling-stock, namely, cylinders, girders, and other material for bridges, rails, sleepers, bearing and fish-plates, fish-bolts, chairs, spikes, crossings, sleeper fastenings, switches, interlocking apparatus, brake gear, couplings and springs, signals, turn-tables, weigh-bridges, engines, tenders, carriages, wagons, traversers, trollies, trucks, and component parts thereof; also the following articles when imported by, or under the orders of, a railway company, namely, cranes, water cranes, water tanks, and standards, wire and other materials for fencing : Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor General in Council may, by notification in the *Gazette of India*, specifically include therein : Provided also that only such articles shall be admitted as component parts of railway material as are indispensable for the working of railways, and are, owing to their shape or to other special quality, not adapted for any other purpose.
	MISCELLANEOUS.
59	AEROPLANES, aeroplane parts, aeroplane engines and aeroplane engine parts.
60	PRINTING AND LITHOGRAPHING MATERIAL, namely, presses, type, ink, aluminium lithographic plates, brass rules, composing sticks, chases, imposing tables, and lithographic stones, stereo-blocks, roller moulds, roller frames and stocks, roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate, printing presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines, leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and paging and numbering machines, but excluding paper (*see* No. 98).
61	RACKS for the withering of tea leaf.
62	SHIPS AND OTHER VESSELS for inland and harbour navigation, including steamers, launches, boats and barges, imported entire or in sections.
63	TEA-CHESTS of metal or wood, whether imported entire or in sections, provided that the Collector of Customs is satisfied that they are imported for the purpose of the packing of tea for transport in bulk.

SCHEDULE II—IMPORT TARIFF.

PART IV.

Articles which are liable to duty at 11 per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
	FISH.
64	FISH, excluding salted fish (*see* No. 28).
65	FISHMAWS, including signally and sozille, and sharkfins.
	FRUITS AND VEGETABLES.
66	FRUITS AND VEGETABLES, all sorts, fresh, dried, salted or preserved.
	GRAIN, PULSE AND FLOUR.
67	FLOUR.
	PROVISIONS AND OILMAN'S STORES.
68	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts, excluding vinegar in casks (*see* No. 48).
	SPICES.
69	SPICES, all sorts.
	TEA.
70	TEA.
	OTHER FOOD AND DRINK.
71	COFFEE.
72	All other sorts of Food and Drink not otherwise specified.
	II.—Raw materials and produce and articles mainly unmanufactured—
	GUMS, RESINS AND LAC.
73	GUMS, RESINS AND LAC, all sorts.
	OILS.
74	All sorts of animal essential, mineral, and vegetable non-essential oils, excluding petroleum as defined in Nos. 41 and 42.—
	SEEDS.
75	SEEDS, all sorts, excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6).
	TALLOW, STEARINE AND WAX.
76	TALLOW AND STEARINE, including grease and animal fat, and wax of all sorts not otherwise specified.

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	TEXTILE MATERIALS.
77	TEXTILE MATERIALS, the following :— Silk waste, and raw silk including cocoons, raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.
	WOOD AND TIMBER.
78	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.
	MISCELLANEOUS.
79	CANES AND RATTANS.
80	COWRIES and SHELLS.
81	IVORY, unmanufactured.
82	PRECIOUS STONES, unset and imported cut and PEARLS imported pierced (*see* No. 5).
83	All other raw materials and produce and articles mainly unmanufactured, not otherwise specified.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
84	APPAREL, including drapery, boots and shoes, and military and other uniforms and accoutrements, but excluding uniforms and accoutrements exempted from duty under No. 11 and gold and silver thread (*see* Nos. 130 and 131), and articles made of silk (*see* No. 132).
	ARMS, AMMUNITION AND MILITARY STORES.
85	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting reburite, blasting tonite, and all other sorts, including detonators and blasting fuze.
	CARRIAGES AND CARTS.
86	CARRIAGES AND CARTS, including jinrikshas, bath chairs, perambulators, trucks, wheel-barrows, and all other sorts of conveyances and component parts thereof not otherwise specified, and including motor vans if imported with all their parts assembled and also including motor lorries and the following component parts of motor lorries, namely :—chassis, solid tyres, wheels, bodies, axles and gear boxes (*see* No. 125).
	CHEMICALS, DRUGS AND MEDICINES.
87	CHEMICALS, DRUGS AND MEDICINES, all sorts, not otherwise specified.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
88	CUTLERY excluding electroplated cutlery (*see* No. 127).
89	HARDWARE, IRONMONGERY AND TOOLS, all sorts, not otherwise specified.
90	All other sorts of IMPLEMENTS, INSTRUMENTS, APPARATUS AND APPLIANCES and parts thereof, not otherwise specified.
	DYES AND COLOURS.
91	DYEING AND TANNING SUBSTANCES, all sorts, and paints and colours and painters' materials, all sorts.
	FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD.
92	FURNITURE, CABINETWARE and all other manufactures of wood not otherwise specified.
	GLASSWARE AND EARTHENWARE.
93	GLASS AND GLASSWARE, lacquered ware, earthenware, china and porcelain; all sorts except glass bangles, beads and false pearls (*see* No. 129).

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	HIDES AND SKINS AND LEATHER.
94	HIDES AND SKINS not otherwise specified, LEATHER AND LEATHER MANUFACTURES, all sorts, not otherwise specified.
	MACHINERY.
95	MACHINERY AND COMPONENT PARTS thereof, meaning machines or parts of machines to be worked by manual or animal labour.
	METALS—IRON AND STEEL.
96	All sorts of IRON AND STEEL and manufactures thereof, not otherwise specified.
	METALS OTHER THAN IRON AND STEEL
97	All sorts of METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.
	PAPER, PASTEBOARD AND STATIONERY.
98	PAPER AND ARTICLES MADE OF PAPER AND PAPIER MACHÉ, PASTEBOARD, MILLBOARD, AND CARDBOARD, all sorts, and STATIONERY, including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards, including cards in booklet form, including also wastepaper and old newspapers for packing, but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post (*see* No. 21).
	YARNS AND TEXTILE FABRICS.
99	YARNS AND TEXTILE FABRICS, that is to say:— Cotton piecegoods, thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified. Flax, twist and yarn, and manufactures of flax; Haberdashery and millinery, excluding articles made of silk (see No. 132). Hemp manufactures; Hosiery, excluding articles made of silk (*see* No. 132). Jute, twist and yarn, and jute manufactures, excluding secondhand or used gunny bags (*see* No. 23). Silk yarn, noils and warps and silk thread; Woollen yarn, knitting wool, and other manufactures of wool including felt; All other sorts of yarns and textile fabrics, not otherwise specified.
	MISCELLANEOUS.
100	ART, works of, excluding those specified in No. 24.
101	BRUSHES AND BROOMS.
102	BUILDING AND ENGINEERING MATERIALS, including asphalt, bricks, cement, chalk and lime, clay, pipes of earthenware, tiles, and all other sorts of building and engineering materials not otherwise specified.
103	CANDLES.
104	CORDAGE AND ROPE AND TWINE OF VEGETABLE FIBRE.
105	FURNITURE, TACKLE AND APPAREL, not otherwise described, for steam, sailing, rowing and other vessels.

SCHEDULE II—IMPORT TARIFF.

PART IV—*concld.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
106	MATS AND MATTING.
107	OILCAKES.
108	OILCLOTH AND FLOOR CLOTH.
109	PACKING—ENGINE AND BOILER—all sorts, excluding packing forming component part of any article included in Nos. 53 and 58.
110	PERFUMERY.
111	PITCH, TAR AND DAMMER.
112	POLISHES AND COMPOSITIONS.
113	RUBBER tyres and other manufactures of rubber, not otherwise specified (*see* No. 138).
114	SOAP.
115	STARCH AND FARINA.
116	STONE AND MARBLE, and articles made of stone and marble.
117	TOILET REQUISITES, not otherwise specified.
118	All other articles wholly or mainly manufactured, not otherwise specified.
	IV.—Miscellaneous and unclassified—
119	CORAL.
120	UMBRELLAS, INCLUDING PARASOLS AND SUNSHADES, AND FITTINGS THEREFOR.
121	All other articles not otherwise specified, including articles imported by post.

SCHEDULE II—IMPORT TARIFF.

PART V.

Articles which are liable to duty at 20 per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco.
122	CONFECTIONERY.
	II.—Articles wholly or mainly manufactured.
	ARMS, AMMUNITION AND MILITARY STORES.
123	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.
124	Subject to the exemptions specified in No. 12 all articles other than those specified in entry No. 43 which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air-guns which are dutiable as hardware under No. 89), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor General in Council may, by notification in the Gazette of India, declare to be ammunition or military stores for the purposes of this Act.
	CARRIAGES AND CARTS.
125	MOTOR CARS, motor cycles, motor scooters, bicycles and tricycles and parts and accessories thereof: provided that such parts or accessories as are ordinarily also used for other purposes shall be dutiable at the rate of duty specified for such articles.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
126	CLOCKS AND WATCHES AND PARTS THEREOF.
127	ELECTROPLATED WARE.
128	MUSICAL INSTRUMENTS.
	GLASSWARE AND EARTHENWARE.
129	GLASS BANGLES and BEADS and false pearls.
	METALS.
130	GOLD PLATE, gold thread and wire, and gold manufactures, all sorts.
131	SILVER PLATE, silver thread and wire, and silver manufactures, all sorts.
	YARNS AND TEXTILE FABRICS.
132	SILK PIECE-GOODS, and other manufactures of silk.
	MISCELLANEOUS.
133	CINEMATOGRAPH FILMS.
134	FIRE-WORKS.
135	IVORY, manufactured.
136	JEWELLERY AND JEWELS.
137	PRINTS, engravings and pictures, including photographs and picture postcards.
138	PNEUMATIC RUBBER TYRES AND TUBES for motor cars, motor lorries, motor cycles, motor scooters, bicycles and tricycles.
139	SMOKERS' REQUISITES, excluding tobacco (Nos. 37 to 39) and matches (No. 45).
140	TOYS, games, playing cards and requisites for games and sports.

SCHEDULE II.

ENACTMENTS REPEALED.

[*See section 2(2).*]

1	2	3	4
Year.	No.	Short title.	Extent of Repeal.
1894	VIII	The Indian Tariff Act, 1894	Section 4.
1916	IV	The Indian Tariff Amendment Act, 1916	The word "Second" in section 4 and so much of Schedule I as contains a Schedule II to be inserted in the Indian Tariff Act, 1894.
1917	VI	The Indian Tariff (Amendment) Act, 1917	Section 2.
1920	VII	The Indian Tariff (Amendment) Act, 1920	The whole.

SCHEDULE I.

Schedule to be substituted in the Indian Post Office Act, 1898.

(See section 3.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

Letters.

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas	One anna.
For every two and a half tolas or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Quarter of an anna.
Reply	Half an anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

(See section 4.)

"SCHEDULE I.

(See section 3.)

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable.	Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an inland steam-vessel."

SCHEDULE V.

Schedules to be substituted in the Indian Income-tax Act, 1918.

(See section 5.)

"SCHEDULE I.

RATES OF TAX.

(See section 14.)

	Rate.
I. When the taxable income is less than R2,000	*Nil.*
II. When the taxable income is R2,000 or upwards and—	
(*i*) the total income is less than R5,000	Five pies in the rupee.
(*ii*) the total income is R5,000 or upwards, but is less than R10,000	Six pies in the rupee.
(*iii*) the total income is R10,000 or upwards, but is less than R20,000	Nine pies in the rupee.
(*iv*) the total income is R20,000 or upwards, but is less than R30,000	One anna in the rupee.
(*v*) the total income is R30,000 or upwards, but is less than R40,000	One anna and two pies in the rupee.
(*vi*) the total income is R40,000 or upwards	One anna and four pies in the rupee.

SCHEDULE II.

RATES OF REFUND.

(See section 37.)

Amount.	Refund.
1. Less than R2,000	One anna and four pies in the rupee.
2. R2,000 or upwards, but less than R5,000	Eleven pies in the rupee.
3. R5,000 or upwards, but less than R10,000	Ten pies in the rupee.
4. R10,000 or upwards, but less than R20,000	Seven pies in the rupee.
5. R20,000 or upwards, but less than R30,000	Four pies in the rupee.
6. R30,000 or upwards, but less than R40,000	Two pies in the rupee."

SCHEDULE VI.

Schedule to be substituted in the Super-tax Act, 1920.

(See section 6.)

"SCHEDULE.

(See section 4.)

(*1*) In respect of the first lakh of rupees of taxable income—	
(*a*) in the case of a Hindu undivided family—	
(*i*) in respect of the first seventy-five thousand rupees of taxable income	*Nil.*
(*ii*) in respect of the next twenty-five thousand rupees of taxable income	One anna in the rupee.
(*b*) In all other cases—	
(*i*) in respect of the first fifty thousand rupees of taxable income	*Nil.*
(*ii*) in respect of the next fifty thousand rupees of taxable income	One anna in the rupee.
(*2*) In respect of the first fifty thousand rupees of taxable income over one lakh of rupees	One and a half annas in the rupee.
(*3*) In respect of the next fifty thousand rupees of taxable income	Two annas in the rupee.
(*4*) In respect of the next fifty thousand rupees of taxable income	Two and a half annas in the rupee.
(*5*) In respect of the next fifty thousand rupees of taxable income	Three annas in the rupee.
(*6*) In respect of the next fifty thousand rupees of taxable income	Three and a half annas in the rupee.
(*7*) In respect of all taxable income over three and a half lakhs of rupees	Four annas in the rupee."

PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY ASSEMBLED UNDER THE PROVISIONS OF THE GOVERNMENT OF INDIA ACT.

Thursday, 24th March, 1921.

The Assembly met in the Assemby Chamber at Eleven of the Clock. The Honourable the President was in the Chair.

MESSAGE FROM THE COUNCIL OF STATE.

The Honourable the President: I have received a Message from the Secretary to the Council of State:—

'I am directed to inform you that the Bill further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, which was passed by the Legislative Assembly at its meeting of the 19th March, was passed by the Council of State at its meeting of the 23rd March, with the amendments indicated in the attached statement.

'The Council of State requests the concurrence of the Legislative Assembly in the amendments.

(Sd.) H. MONCRIEFF SMITH,
Secretary to the Council of State.

The Secretary will lay a copy on the table.

THE INDIAN FINANCE BILL.

The Secretary to the Assembly: Sir, with reference to the Message which you have just read to the Assembly and in pursuance of rule 33 of the Indian Legislative Rules, I now lay on the table the Indian Finance Bill as amended by the Council of State.

The Honourable Mr. W. M. Hailey: Sir, I beg to move that, with your special permission, under rule 34 of the Indian Legislative Rules, the amendments made by the Council of State in the Finance Bill be taken into consideration.

Sir P. S. Sivaswamy Aiyer: Sir, I wish to ask for two pieces of information from the Honourable the Finance Minister. The first point on which I desire information is, what is the amount of revenue expected by raising the postage on letters from 6 pies to 9 pies?—Page 14, Schedule III.

The second point on which I desire information is in regard to Schedule IV, page 15. What is the amount of deficiency in the revenue that will be caused by reducing the surcharge upon traffic by inland steam vessels from 2½ annas to 1¼ anna?

Rao Bahadur T. Rangachariar: May I also ask whether in reducing the surcharge to 1¼ anna, it is the intention of Government to increase the freight on these Steamship Companies?

Mr. Harchandrai Vishindas: I have also to ask a question. Will the Honourable the Finance Minister kindly enlighten us as to what is the result of the Council of State's amendments as compared to our Resolutions, on the whole?

The Honourable Mr. W. M. Hailey: Sir, with your permission, I will give replies at once to these questions.

The first question asked was by Sir Sivaswamy Aiyer. He asked what was the effect of raising to nine pies the rate on letters. The result of this, Sir, will be a gain of 60 lakhs, but I can explain the matter best, I think, by saying that the net result of the postal arrangements now proposed in the amendments of the Council of State will be that we are 18 lakhs to the good over our Budget expectations, after, of course, allowing for post-cards, on postage alone. If that point is not perfectly clear, I should be quite willing to elucidate it further; but, taking it shortly, as the amendments of the Council of State stand, we are now 18 lakhs to the good on postage. As the original Bill passed by the Legislative Assembly stood, we were 48 lakhs to the good. Therefore our 48 lakhs on postage has been reduced to 18 lakhs, and I think, that is the clearest way in which I can describe the difference.

Then, Sir, as regards the second question of Sir Sivaswamy Aiyer, he referred, I think, to the question of proposed halving of the freight tax as applied to Inland Steamship Companies. The effect of that, this halving, Sir, is that we lose from 12½ to 15 lakhs.

Mr. Rangachariar's question, I think, was the same as the second question put by Sir Sivaswamy. If not, perhaps he will tell me.

Rao Bahadur T. Rangachariar: No. My question was different. If the surcharge is reduced, is the freight going to be increased? What is to become of the 1¼ anna which you have reduced?

The Honourable Mr. W. M. Hailey: I can explain that. The 1¼ anna we have reduced is a provision made in order to allow the Steamship Companies to increase their freights in order to meet their increased working charges. There will of course be no question of refund or anything of that kind. We simply, instead of taking 2½ annas on their freight, take 1¼ anna, and the remaining 1¼ anna is intended to be allowed to them in order to raise their freights with a view to meeting the increased working charges.

Mr. Vishindas put a question. Perhaps he would not mind repeating it as I did not take it down.

Mr. Harchandrai Vishindas: On the whole, what is the net result of the amendments of the Council of State as compared to our proposals financially, loss or gain, and how much?

The Honourable Mr. W. M. Hailey: The exact result will be, Sir, that on the Postal arrangements we shall be, as I have said before, 18 lakhs to the good. With regard to steamships, we are 15 lakhs down. We are therefore still 3 lakhs to the good.

Mr. Harchandrai Vishindas: But there are some other amendments also.

The Honourable Mr. W. M. Hailey: They are immaterial. They run to thousands of rupees and not lakhs. I think you may take it for granted that they are such that we can put them on one side for the purpose of our Budget calculations.

Mr. Harchandrai Vishindas: Sir, I don't know whether the Honourable the Finance Minister could reply to a question of this nature. He may not be able to reply. Supposing we were to reduce the postal rate from 9 pies to 6 pies per tola, taking all other suggestions of the Council of State as they are, what would be the difference? Perhaps the Honourable Mr. Hailey will answer that if the information is available.

The Honourable Mr. W. M. Hailey: If we did that, Sir, we should on the postal arrangements be minus Rs. 42 lakhs and on the steamship arrangements Rs. 15 lakhs. Rs. 57 lakhs on the whole.

Mr. T. V. Seshagiri Ayyar: May I rise to a point of order, Sir? As regards the postal rates, the ½ anna rate having been once disallowed by this Assembly, is it in order, now that the Bill has come back amended, for us to reopen the question and go back to the ½ anna rate? After the Finance Bill was discussed, the ½ anna rate was disallowed by a majority of the Assembly. The Bill went to the Council of State. The Council of State have made certain amendments in regard to postage rates. Is it open to us now to move that the rate which was disallowed by a majority of this House should be reintroduced?

The Honourable the President: Does the Honourable Member mean whether it would be possible under the rules to allow Members to raise a question which has already been discussed and voted upon here?

It would lead to considerable inconvenience if that rule were to be applied too strictly. I would point out to the Honourable Member that the position in which we are in relation to the amendments which have been sent down from the Council of State is that we should open rather a long process unless we can agree to the amendments as on the paper. On the particular point he raises, I should not like to give a final ruling at this moment; if he will raise it a little later, I will tell him what is the case.

Mr. B. Venkatapatiraju: The previous discussion was only with reference to half-an-anna for half-a-tola; the present question relates to half-an-anna for one tola, therefore no previous Resolution stands in our way.

Moreover, may I be permitted to point out, we have under 42. Petroleum, the words, 'intended for use exclusively as fuel'; supposing we add after the word 'fuel', 'or for lighting purposes' what would be the loss?

The Honourable Mr. W. M. Hailey: I am afraid I did no catch that, Sir.

Mr. B. Venkatapatiraju: It was suggested to reduce the tax *ad valorem* with reference to kerosene oil used exclusively as fuel. If we add 'or for lighting purposes', what would be the loss?

Mr. C. A. Innes: I might explain, Sir, with reference to this amendment. In 1910, when we introduced a tax of 1 anna 6 pies on mineral oils, it was decided that certain classes of very high flash point oils used for particular purposes, namely, for batching of jute, for lubricating purposes and high flash point oil used exclusively for fuel, or for sanitary or hygienic purposes, should be given a concession. It was decided that oils of this class, instead of being taxed at 1 anna 6 pies, should be taxed at 7½ per cent. *ad valorem*. Now the House will remember that we have raised the general *ad valorem* rate from 7½ per cent. to 11 per cent. Owing to this fact and owing to the rise in the value of some oils of these special classes we find that what was intended to be a preference in favour of these particular classes of oils has

now become a handicap against them. It was an omission on our part which we regret we did not notice, for whereas we have always intended to give some concession to these oils, by the fact that we have raised the general *ad valorem* rate from 7½ per cent. to 11 per cent. we are handicapping these oils.

Then there is another point. Formerly when importers brought in oils of this class, the onus was on them of proving that they were entitled to the preference. Now that we have raised the general *ad valorem* rate to 11 per cent., it means that all lubricating and other high flash point oils which are valued at 14 annas an imperial gallon will not gain by being at 11 per cent. instead of 1 anna 6 pies. Therefore it will suit the importers to apply for the 1 anna 6 pies rate for these oils and the onus will be on the Collector of Customs of proving that these oils are the high flash point oils which should be taxed at 11 per cent. This point has been brought to our notice by the Collector of Customs, and what we have done is merely to restore the existing practice. We have made no change whatever. If you will compare the Bill as it has come down from the Council of State with the Bill as we sent it up to the Council of State, you will see that we have made absolutely no change except that these particular classes of oils are to be assessed at 7½ per cent. *ad valorem*, which they have always been assessed at. We have made no change of any sort or kind. The effect of that will be that we shall, of course, lose a little revenue—we estimate it may be Rs. 50,000. On the other hand, we shall continue the concession which has been in force now for 11½ years, and we are simplifying matters for the Collector of Customs. But the point I wish the House to realise is that we are merely continuing the existing practice.

Another point, Sir. This matter was brought to our notice by the Collector of Customs. What we intended to do was to place it before the Select Committee which was then contemplated; but it was decided that there should be no Select Committee and the Bill should be considered by the Assembly as a whole on Friday and Saturday, and I simply had not the time to put it before the House on Friday or Saturday, so we put it before the Council of State. We are making no change at all in the existing practice. We are continuing the preference which is given to these high flash point oils by allowing them to be assessed at 7½ per cent. *ad valorem* instead of at a specific duty of 1 anna 6 pies.

Mr. P. P. Ginwala: Sir, I rise to oppose this motion. Last week we spent a whole morning in debating more or less the same point which I am now raising. On practical grounds, and perhaps as a matter of tactics, the Honourable the Finance Member withdrew his Resolution—which I am certain would have been thrown out by the House—to refer that question to a Joint Committee. I submit, Sir, that the point involved in to-day's amendments and in that proposition is exactly the same. From the attitude of the House . . . .

The Honourable the President: As a matter of order, the Honourable Member is quite wrong. The point in this motion is entirely different from the point in the motion to appoint a Joint Committee. The motion before the House is that the Assembly now take into consideration the Bill as amended by the Council of State.

Mr. P. P. Ginwala: I am arguing, Sir, that this House should not take the amendments into consideration at all. That is my point. The point, Sir, is one of principle. If we started on that day with the proposition that the Council of State was not to have any voice in Money Bills, then it follows that they ought to have no voice at all in the matter of making amendments which affect Money Bills. That, I think, is a principle which has never been disputed. The whole question arises as to whether the Council of State has got the power to touch Money Bills. I am not referring at all to what the powers are under the Government of India Act, at all. Assume, Sir,—and I am prepared to assume—that the powers of the Council of State in respect of all Bills are identical with the powers of this House. The question then arises, is this House to permit the Council of State to use those powers which this House considers ought not to be used by the Council of State at all? If once it is admitted that the Lower House is the only House where Money Bills are to be considered and to be passed, it follows, I submit, that no amendments could be made by the other House in connection with Money Bills, and I ask the House, therefore, not to allow this motion.

The Honourable the President: Those remarks are not in order on a motion of this kind. When the time comes for the revision of the constitutional powers of the two Chambers under the Government of India Act, the Honourable Member will have ample opportunity of expressing his opinion on that. The course of argument which he is pursuing is out of order on the present motion in view of the fact that all this motion requests the House to do is to take certain amendments into consideration.

Mr. P. P. Ginwala: Sir, am I not in order in asking this House to reject the motion on any grounds if it chooses?

The Honourable the President: No. Not on *any* grounds, only on relevant grounds!

Mr. P. P. Ginwala: Sir, I submit that this question is one of principle as to whether this House should accept any amendments proposed by the Council of State affecting a Money Bill. Now look at it from this point of view. Even supposing that the Council of State has the power to interfere with a Money Bill, what is the result of the amendments that have now come before us? The Honourable the Finance Member has just explained to the House hat in one instance the burden of taxation would be increased by 60 lakhs in connection

with the Post Office. Now I put it to the House, is there any precedent in any other Constitution where the other House has the power to increase the financial burden of the people by 60 lakhs? I also submit that if the Council of State has that power, then it is the duty of this House to prevent that body from exercising such power, in the interests of the people.

It has been argued that the relative position of this House and the Council of State is not the same constitutionally as that of the House of Commons and the House of Lords. I will put it this way. There is no difference at all between the relative position of our two Houses and of the two Houses of Parliament as it stood prior to the Parliament Act of 1911, but it was recognised that the House of Lords should make no amendments to a Money Bill at all. Therefore, I say that there is no constitutional difference at all between our position and the position of the House of Commons and the House of Lords as it stood in 1911. This House would, therefore, be perfectly justified in not entertaining any amendment whatsoever that came from the other House, especially if they had the effect of increasing the financial burden.

Then, Sir, are we going to do what was done in other countries? Are we going to fight every inch of our ground as regards the constitutional relations of the two Houses, in financial matters? Are we going to have the same struggle in this country as has been witnessed in other countries in relation to Money Bills, or are we going to profit by the experience of other countries and establish from the outset the constitutional practice by which the other House recognises that Money Bills appertain solely to this House and we recognise their equal status with us in respect of other Bills. As a matter of expediency, I should have expected the other House especially in view of the temper of this House on the last occasion to have considered that it would have been better for it not to have tampered with this Money Bill. Sir, even if I am alone I shall oppose these amendments on Money Bills year after year until the principle is recognised that the other House has no voice whatever in the matter of taxation.

I think I have heard it suggested that it would be better if less time were taken up to-day in order that Honourable Members might not be put to the inconvenience of sitting here longer than is necessary. I for one do not think that there is any substance in that ground. The question is, 'are you prepared to sacrifice a constitutional principle, if one is involved, merely on the ground of personal convenience?' I am willing to stay here for one week, one month or even one year if it becomes necessary for me to stay in order that the principle may be established, and, at least, I hope there are some Members amongst us who attach sufficient importance to a principle of this sort, not to be influenced by considerations of a personal nature. I beg the House to look at the points involved purely as a question of principle and to reject this motion as it stands.

Sir P. S. Sivaswamy Aiyer: Sir, I do not wish to make a speech but I should like to have a point on which I am not quite clear, explained.

Supposing we proposed that the rates of postage on letters be put back at the current rate of half an anna for weights not exceeding 2½ tolas and supposing, also, we proposed that the surcharge on traffic by inland steam vessels be at the rate of 2 annas 6 pies for every rupee of freight like the charge upon railway traffic; would the loss arising out of the reduction on the postage rate be made good, and, if it is not likely to be made good, would the loss, such as it is, be a matter of concern? I believe the Honourable Member stated in another place that he would have a balance of something like 40 lakhs at his disposal, and that he would rather like to have it. If the loss arising on the reduction of the postage on letters not exceeding 2½ tolas is made good, it will be all right. But if it is not made good, can Government stand the loss? The answer to this question will determine our attitude in regard to the amendments to be put.

The Honourable Mr. Hailey: I would ask the Honourable Member if he was correct in saying if he proposed half anna for 2½ tolas. I suppose he meant half an anna for one tola.

Sir P. S. Sivaswamy Aiyer: Half an anna for one tola, I should like the current rate to be maintained.

Mr. Eardley Norton: Sir, before the Honourable the Finance Member answers Sir Sivaswamy Aiyer's question, I should like him to answer the question which I will now put. I am very bad at figures, but I may have to vote and I should like to understand the position. I gather the Honourable Finance Member has said that the net result of the amendments made by the Council of State yesterday with regard to the postal rates is, that we are now 18 lakhs to the good; and that the amendments made by the same Council as to goods carried by inland steam vessels would result in a loss of from 12½ to 15 lakhs and the net result, if these amendments are accepted, will be that we shall be 3 lakhs to the good.

May I request the Honourable Member to inform me what the effect would be if the House restored the surcharge on the freight goods carried by the inland steamship vessels to an equality with the railway freight, and allow the postal rates to remain on the same footing as they have been passed by the Council of State?

Makhdum Sayed Rajan Bakhsh Shah:* Sir, the postcard is mostly used by the poor people, hence postage for a card has not been raised to an anna. What I would submit is, that

* Translation of a speech delivered in the vernacular

many poor people also make use of the [half an anna] postage envelope within the (authorised) tola weight. Hence the charge up to a tola should be 2 pice. If this be not agreed to, then I would make the following alternative proposal. That the rate up to 9* *mashas* be 2 pice, three pice for 9* *mashas* to a tola and one anna for one to 1½ tolas.

* ¾ of a tola.

Mr. Harchandrai Vishindas: May I rise to a point of order, Sir ?

The Honourable the President : I think the Honourable Member had better reserve his remarks till we come to deal with the postal rates. He will then be able to explain the exact schedule which he wishes the House to adopt.

Chaudhuri Shahab-ud-Din : May I, Sir, with your permission, ask one question of the Honourable the Finance Member ? If the present postal rates were retained in the case of Registered News papers.—I mean the rates that are now current—by how much will the revenue suffer as compared with the rates proposed by the Council of State ?

The Honourable Mr. W. M. Hailey : I will take the last part of Question 1, first, because it is the simplest. There is a difference of Rs. 3 lakhs. That is, we are losing by the amendment of the Council of State Rs. 3 lakhs in respect of newspapers. Now, Sir, with regard to Sir Sivaswamy Aiyer's question, he would like to go back to the half anna rate for one tola. That would mean, Sir, that we shall lose Rs. 42 lakhs. That is, we will then be Rs. 42 lakhs down in the Budget on that alone. I am taking the Budget as the datum line throughout Then, if we restore the steamship rates, we get a betterment of Rs. 15 lakhs. That makes Rs. 57 lakhs. Have I made that clear, Sir ? I shall repeat what I have said. The restoration of the half anna rate for one tola would put us down Rs. 42 lakhs. The proposals of the Council of State in regard to the Steamship Companies would put us another Rs. 15 lakhs down. If you reject the amendment of the Council of State in regard to the Steamship Companies, you will then remain only Rs. 42 lakhs down. I am asked, Sir, whether it would be possible for us to do without this 42 lakhs. I say I should prefer not to try such an experiment.

Mr. Eardley Norton : Will the Honourable Member kindly answer my question ? I do not think it has been answered. Leave the amendment of 9 pies for letters made by the Council of State alone. Leave it at 9 pies, and make the inland steam-vessels revert to the position they occupied by our decision on the Revenue Bill. What will be the result ?

The Honourable Mr. W. M. Hailey : Rs. 3 lakhs up, Sir.

Dr. H. S. Gour: What will be the result, Sir, if we resort to a letter postcard of half an anna and the rest of the Government proposals as regards postage stand ? How should we then stand financially ?

Mr. C. A. Innes: May I ask the Honourable Member to repeat his question ?

Mr. Amjad Ali: May I rise to a point of order, Sir ? That is not the point now before the House. The point is to consider the amendments passed by the Council of State.

The Honourable the President: Order, order. Questions of this nature are in order at this stage. It is quite true that it would be more in accordance with the letter of our Rules to rule such questions out of order and to insist on their being put on each of the amendments of the Council of State as they are put from the Chair. The spirit of the Rules prompts me otherwise. It is quite clear that the House will not be able to deal effectively with the amendments unless it knows what will be the change in the financial position as a result of the amendments moved by the Council of State. I therefore allow these questions to be asked because with the answers the Assembly will be in a better position to vote on these amendments.

Mr. H. E. Spry: Sir, I understand Mr. Norton's question to be this. Assuming that the proposals of the Council of State regarding postage are left intact, but that the surcharge in the case of inland steam-vessels is restored to the full amount proposed by this Assembly, what will be the resulting financial position ? I understood the Honourable the Finance Member to say that we shall be Rs. 3 lakhs up. But if I have understood Mr. Norton's question aright, and also the figures given by the Honourable the Finance Member, I suggest that the the right answer is, we shall be Rs. 18 lakhs up. I understand that we gain Rs. 18 lakhs by raising the postal rates, *i.e.*, by accepting the Council of State proposals. We lose 12½ to 15 lakhs by reason of their reduction of the rate of surcharge. The balance resulting from the Council of State's proposals will therefore be *plus* 3 lakhs. But Mr. Norton proposes, if I understood him correctly, that the rate of surcharge passed by this Assembly should be restored. In that case the *minus* 12½ to 15 lakhs goes out, and we are left with a surplus of Rs. 18 lakhs. I should like to know from the Honourable the Finance Member if this is correct.

The Honourable Mr. W. M. Hailey: I am afraid, Sir, that I did not very clearly appreciate Mr. Norton's question. The figures now put to us are correct, Sir. Might I rise, Sir to make a suggestion ? I see the difficulty of the House in dealing with these matters. They want the fullest information possible. If it is in order, Sir, I should like to put forward a proposal that the House now adjourns for a brief period while I answer any questions that Members may desire to ask me with regard to the financial effect of the amendments made in the Council of State. They will then be in a better position to judge of those amendments,

At present, Sir, it is necessary for me to give answers somewhat hurriedly; and records of the House will be burdened with a good deal of conversational matter which will not greatly add to their value.

The Honourable the President: A motion for an adjournment of the debate is of course in order. The period desired by the Honourable Member carries us to within half an hour or so of the usual noon adjournment. But I take it that he wishes to have an adjournment at once even though we shall have only a short debate on resuming before noon adjournment.

The question is :

'That this debate be now adjourned for one hour.'

The motion was adopted.

The House then adjourned for One Hour.

The Assembly re-assembled at Ten Minutes Past One of the Clock. The Honourable the President was in the Chair.

Mr. P. E. Percival: Sir, I beg to request that you will give your ruling on a question of procedure, which, I think, will be valuable to the House. The question is rather premature; but I think that the Assembly would like to know what exactly they are letting themselves in for if there is a conflict between the two Houses. What I ask is this: If this Assembly makes certain amendments in the Finance Bill, and the amendments go back to the Council of State, and if the Council of State does not agree to the amendments made by this Assembly, would you, Sir, inform the Assembly what would be the practical result, as regards the rapidity with which the Bill can be disposed of, or the delay which will be involved thereby. I imagine, Sir, that a joint sitting could not be held for a period of six months.

The Honourable the President: If one of the Chambers fails to pass a Bill passed by the other Chamber the Governor General may convene a joint sitting for the purpose of solving the deadlock, after the lapse of six months. I find no provision in the rules or Standing Orders which will enable him to exempt the Finance Bill from that proceeding and convene a joint sitting at once. Therefore, in view of the circumstances a joint sitting falls out of consideration altogether. If that is the case and if, as the Honourable Member has put the case, either Chamber fails to agree with the other on the amendments made in the Bill, then the Bill itself either lapses or passes to the Governor General who will take action under his constitutional powers.

Debate will now resume on the original question that the amendments made by the Council of State in the Indian Finance Bill be taken into consideration.

Mr. J. Chaudhuri: I have given some anxious thought to this constitutional question and I have come to the conclusion that it is quite competent for the Council of State to amend the Money Bill after it has been considered by this House and sent up to them in due course. I shall briefly state that the practice in the House of Commons has been that no Money Bill may be amended by the House of Lords. It has also been stated by the highest authorities on constitutional questions, such as Lord Courtenay, that the Colonial constitutions were founded on the same analogy. But going into the Colonial constitutions we find that a controversy in respect of Money Bill between the two Houses raged in Victoria from the year 1864 up to the end of the last century . . . .

The Honourable the President: I have already ruled that any substantial argument on the constitutional position of the two Chambers will not be permitted in this debate. A question of that sort is of such importance that it must be raised in another fashion. It cannot be brought in by a side wind on such a motion as is now before the Assembly.

Mr. J. Chaudhuri: I was only explaining the constitution that has been framed by the Joint Committee in order to avoid conflicts taking place between the two Houses. They have provided that although the Upper House has no power to deal with the Budget or demands for grants, they may deal with a Money Bill in the same way as ordinary Bills. Now they have amended the Bill which has been passed by this House and it has come back before this House and the constitutional principle is, that the voice of the lower House must ultimately prevail. The Joint Committee have provided that in case there is a difference of opinion between the revising Chamber and this Assembly there should be a joint sitting of both Houses and as we, the peoples' representatives, are in a majority in this House our views must ultimately prevail. This was the principle which was enunciated by Sir Michael Hicks Beach with regard to the controversy in the colonies. It was, that the voice of the lower House, *i.e.*, of this Assembly, shall prevail and I presume that the Joint Committee have recommended a joint sitting for the purpose of obviating the difficulties that had arisen in the colonies. So I say, that the procedure adopted now is constitutionally regular and we may accept the amendments of the other House or reject them. The ultimate result remains that if we reject them, in case we cannot come to a settlement which will be satisfactory to both, then it will be for the Governor General to adopt the course provided for in the constitution.

Sir P. S. Sivaswamy Aiyer: I should like the House to approach this question from a practical point of view. This is a taxation Bill and we are now nearly at the end of the month of March. We were unable to agree to a joint committee. We considered the Bill here and sent it up to the other House. The other House has made certain amendments and referred the Bill back to us. Now the courses open to us are these. We may accept the Bill as amended by them or we may make certain further amendments and send it up to them. Now I understand that there are many Members who feel dissatisfied with certain of the amendments which have been passed by the other House. Now the question is, what course are we to pursue. I think it will be obvious that the course which we should pursue must be the one which offers the least impediment in the way of the speedy passage of this measure. Now supposing that we send up amendments which are in turn likely to be unacceptable to the other House, that House may insist upon its own amendments or may make further suggestions and send it back. In that case I do not think it will be possible for us to reach an agreement before the end of this month. Then as regards the further solution of the difficulty, a joint sitting is out of the question as pointed out by the President. A joint sitting being impracticable, there are two courses. We may allow the Bill to lapse, but we cannot do so in the case of a Finance Bill. The other course is to report the matter to the Governor General, but are we prepared, in the very first year of our existence, to make a report to the Governor General that we are unable to settle a matter like this in a manner acceptable to both Houses and that we cannot work the constitution without friction? And is it right that we should ask the Governor General to intervene and exercise his powers of settlement on the ground that it is not possible for us to come to a reasonable settlement ourselves? I for one would strongly deprecate any such course and I should very much like that we should hit upon some other solution which would save the unpleasant necessity of a report of that kind to the Governor General. Then what other course is left to us which may meet the wishes of this House and may not meet with any opposition in the other House? So far as I have been able to ascertain, the point upon which our friends here have been most exercised in their minds is the increase in the postage rate on letters not exceeding one tola to 9 pies. Now, it is felt that the privilege of sending letters for 6 pies which is now enjoyed by the poorest people should not be taken away from them, and that, if possible, it should be continued to them, even though you may reduce the weight of the letter which it is permitted to send for the 6 pies. Supposing you introduce another class for a weight not exceeding half a tola—6 pies, and leave all the rest of the schedule unaltered, I think it will meet the wishes of all the gentlemen who have felt concerned about the increase in the postage rate.

This will involve, we are told, a loss, a deficit of 27 lakhs (Cries of 'No, 20 lakhs') or 20 lakhs, whatever it may be. I do not wish to commit myself to any figures the accuracy of which may be called into question by the Treasury Bench. Now, if possible, we should endeavour to make that good. The only way in which, it seems to me, it can be made good is by interfering with the proposal of the other House to reduce the surcharge on traffic by inland steamers. But I would ask the House not to interfere with it. In the first place, the other House seems to have had some good reasons for reducing the rate of surcharge on traffic carried by inland steam vessels. I do not know whether it is necessary for me to enter upon any lengthy explanation of that matter. At one time I myself thought that it would be better to have a uniform scale of surcharge for both kinds of traffic. The Honourable the Finance Minister, with whom I had a talk a few minutes ago, tells me that our original proposal would work an injustice or hardship to the inland steam-vessels. Now this view which has commended itself to the Honourable the Finance Minister, must have commended itself to the other House also, and that must be the reason why they made this amendment. If we interfere with this amendment and send it back to the Upper House, it is possible they may not be willing to accept our restoration of the original rate, and they may continue to differ from us. That, I think, would land us in an *impasse*. Perhaps the best solution will be to leave the question of surcharge alone at the point where it is in consequence of the action of the Upper House. As regards this loss of 20 lakhs or whatever it may be which arises from the alteration of the postage rates, leave it to the Finance Department to do what they can to meet the deficit by savings elsewhere. I propose this for the consideration of the Honourable the Finance Minister. Now, if we do this and confine ourselves only to this step and do not touch the other things, I do not think that the Upper House will object to this concession which we desire to be made to poor people with regard to letters not exceeding half a tola in weight.

Other proposals have been made in the course of our informal discussions, but I think that they are not likely to commend themselves to the general sense of the House. Various alternative proposals have been put forward. One that I have heard is that the tax on kerosene oil may be raised. I can assure you that it would be a most unpopular tax to add anything to the duty now leviable on kerosene oil. The dealers are sure to increase the price by more than the amount of the tax which will be levied and the use of kerosene oil has so extended to all the rural parts of the country that the addition in price, which will be greater than the addition to the duty, will come home to the poorest of our people.

Another suggestion which has been made is, that we should go back upon our decision to levy only 11 per cent. by way of customs duty and make it 12½ per cent. That again, I think, will not commend itself to the Members of the House generally. There is likely to be a difference of opinion, and none of these solutions can possibly commend themselves to the House generally. Therefore my own feeling is, that if we attempt to interfere with the Bill

as amended by the Upper House, our interference should be restricted to introducing a half-anna rate of postage for articles not exceeding half a tola in weight. No doubt there are technical difficulties which are likely to be brought forward by the Postal Department. They will perhaps require scales and weights for weighing half-tola letters and one tola letters, and so on; and having regard to the large number of letters which are transmitted through the post, it is quite possible that there may be a very sensible addition to the burdens of the Post Office. But taking all things together, it seems to me that if we are to interfere at all, that is the only direction in which we can interfere and I would ask the House to approach the question from a practical point of view and see that the Bill is carried through before the session closes.

Mr. Harchandrai Vishindas: Sir, while endorsing all that has fallen from Sir Sivaswamy Aiyer, I have only to add a few words. As to the process through which we shall have to go in the event of our disagreeing from the amendments that have been sent forward, as he said, the result will be that the matter will be referred to the Viceroy. In addition to the fact that we shall be thereby sacrificing our dignity a great deal, we shall also be putting the new Viceroy in a very embarrassing position. If it were an old Viceroy who had been here some time it would have been a different matter. But, considering that Lord Reading has been delivering very nice speeches of affection towards India and of being very anxious to do justice and equity and all that, I think we should rather not put him in that position at all, and also not show to the new Viceroy that we are unbusinesslike, that in the very first year of our existence we have brought about a deadlock and *impasse*. That is a very serious consideration.

Then, the only other point I want to make is, with regard to the remarks of Sir Sivaswamy on the Inland Sea Customs Act. Now, it is true that I was one of those who opposed the reduction of that tax as originally proposed in the Budget. And if I also agree with the remarks of Sir Sivaswamy on that head, it might be said that I am guilty of inconsistency.

However, I think we are obliged to be inconsistent to a certain extent in some of the things we are going to sanction to-day. I mean we were very strong on the last occasion upon 1 anna for the first tola and 1 anna for every other tola of postage. That position we are going to recede from, as it were, without the least struggle. On the contrary, we have to get ourselves reconciled to the new tariff that has been proposed by the Council of State, namely, 9 pies for the first tola and 1 anna for a weight exceeding 1 tola but not more than 2½ tolas. I think we came to the conclusion the other day on the postage in the same frame of mind as on the tax on inland steam vessels. We should not be charged with inconsistency by reason of the attitude we are adopting to-day in either case, and for one very cogent reason. We had to finish the business on that day and when we left the House we sounded public opinion, and public opinion was to the effect that we had committed a mistake in having 1 anna for every additional tola. Likewise, it was said that the case which had been put forward in regard to inland steam vessels was a very strong case and that we did not come to a right conclusion on it. For that reason, and for the reason that Sir Sivaswamy has shown, in order to have no kind of *impasse* or deadlock, and in order to show that in the first year of our existence we are adopting a businesslike attitude, I would entreat the House to accept the proposal made by Sir Sivaswamy Aiyer.

The Honourable Mr. W. M. Hailey: If I may say so, Sir, I rejoice that Sir Sivaswamy Aiyer has recalled us to the practical question. It is all to the good that he has refrained from pursuing that controversy on the purely constitutional question which was again revived this morning. There may be some die-hards here who believe that we can, of our own volition, alter a constitution laid down by Parliament. There may be others, Sir, who would like to see that altered in the future; but it is obviously necessary for us to take the constitution as we have received it and work it, as Sir Sivaswamy Aiyer said, with the least possible exhibition of friction at its very initiation. The immediate problem before us is to consider the steps that we should take in order to get our Finance Bill through in some form or other without further delay, and I follow him in believing that if the House were to make any substantial additions or subtractions in the case as sent by the other Chamber, then, there would be very serious risk of delay indeed; the alternatives which the rules provide for the solution of any such difficulty of that nature have been already pointed out and are so undesirable that I need not dilate on them here.

Now, Sir, what Sir Sivaswamy has proposed to us is that we should accept a change in one item only, one item which, he thinks, would be acceptable to the other Chamber, namely, half an anna for a half tola letter. As he says, that would cost us Rs. 20 lakhs as against the sum we expect to realise from the Bill in the form it has come down to us. Now, whatever happens, this House cannot escape some charge of inconsistency. The House will remember that on a previous occasion it deliberately voted against the half anna half tola letter. I do not of course take the unreasonable view that this House should not, when it finds that it is in error, change its opinion just as any other person or any other assembly, collection of persons, might do. But we ourselves, on the Government side, value our reputation for consistency: other people sometimes call it obstinacy, but we like to maintain to think of it as consistency. I am not therefore going to pretend here, just as I was unable to pretend in the other Chamber, that the half tola half anna letter is the right solution of our postage difficulty. I thoroughly believe that for administrative purposes—and when I say for administrative purposes I mean really the convenience of the public—it is entirely the wrong solution. I argued against it before; my friend Mr. Innes argued against it; I argued against it again yesterday,

and with success, in another place; and I am prepared once more to argue against it here also. I am not going to, and my friends here equally with me will not abate one jot or tittle of the objections what we believe to be a retrograde step, the resort to the half tola half anna postage. On the other hand, the House very obviously wishes to see it reintroduced.

How are we to meet this situation? Like Sir Sivaswamy Aiyer, I want to get this Bill through, and I want to get it through in the only way in which I think it can be got through, and that is without alterations of anykind whatever. I do not propose, consequently, that we should introduce an amendment, as suggested by Sir Sivaswamy Aiyer, providing specifically for half tola half anna, I propose to ask the House to pass this Bill exactly in the form that it has come down to it from the other Chamber; but I propose to state at the same time that, in view of the fact that the rates are maximum rates provided in the Act, Government, in order to meet the objections now felt by this House—I think inconsistently, but still felt, and felt strongly by the House—should, under executive order, introduce the half tola half anna postage.

The House has shown itself willing to show consideration to the new Viceroy; the House is willing to change its former attitude on the subject in consideration of the feelings of the public; in short, the House is unwilling to go back to its constituencies and confess that it has taken away from the ordinary man the half anna half tola postage. The one person who receives no consideration at all in this matter is the Finance Member. By accepting this proposal we shall be Rs. 20 lakhs down on the figure we expected to realise.

Well, Sir, if the House accepts this solution, then, I must retain the right to come to it subsequently and ask it to make up the loss in some other way. We are dealing with a matter of figures; and if the provision made now proves in the course of the year to be insufficient, I must come back to the House and rely on it finding some other way to make up the loss involved. Meanwhile, I propose to accept that loss in order that we may enable the House to go back to the country without having to meet the charge that it has deprived people of the half anna letter. I said that we should have no amendment, but my friends warn me that it would be simply to omit from the Act the words—'for a weight not exceeding 1 tola, 9 pies' we on our part undertaking to give the country a half tola half anna postage.

Mr. T. V. Seshagiri Ayyar: Sir, not only this Assembly, but I believe the whole country will receive with feelings of joy the announcement which the Honourable the Finance Member has made. I would not put it down to inconsistency; I would say that he has respected public opinion. It is not that he has gone back on anything that he has said, but simply has found it necessary to respect the opinion which has grown up in this Assembly, and also the considerable volume of opinion which has grown, since the last session, in the country outside.

Sir, one word of explanation is necessary as regards the question of inland steam navigation companies. On the last occasion we were of opinion that the Government did not crystallise its offer and when they informally offered us, it was, as a matter of fact, not accepted by Mr. Pickford. This Assembly was of opinion that we had no option but to insist upon accepting what the Government had resolved upon. If Mr. Pickford had accepted the offer made by the Government, we would probably have been in a position to vote with him. Therefore we are not really acting inconsistently in accepting the amendments of the Council of State, and, as has been pointed out by Sir Sivaswamy Aiyer and the Honourable Mr. Hailey, it is absolutely necessary that there should be no deadlock in a matter like this. In these circumstances I would advise the Assembly—and I think it is my duty to tell this to my friends,—that we must accept the offer now made by the Honourable the Finance Member to avoid friction.

Mr. N. M. Samarth: Sir, it is gratifying to me to find that the opinion of this Assembly has crystallised against creating a deadlock. Honourable Members of this Assembly will probably remember that when I, in the early days of this session, introduced a motion upon another subject, the Honourable the Finance Member told this Assembly that it had indirect powers to bring the Government to book if its policy is not acceptable to the House and asked this Assembly to make use of those powers rather than accept the Resolution I had brought forward. I said then that I would be the last person to favour a course which would lead to a deadlock,—a remedy which was distasteful to me. Therefore, it is very gratifying to me indeed to see that the Honourable the Finance Member has thought fit to appeal to the House not to cause any friction or to bring about a deadlock in the matter of his Finance Bill.

Mr. J. P. Cotelingam: Sir, in the pronouncement made by the Honourable the Finance Member, though the great disparity in the postal rates between the weight allowed for 9 pies and that allowed for one anna has not been removed, I hope the undertaking given by him will be received cordially by the House. I am glad the desire expressed, not only in this House but throughout the country, has to some extent been met by the Honourable the Finance Member. To follow the line of least resistance, I welcome the executive action suggested though I would like to see the half anna postage for one tola retained.

The Honourable the President: The question is:

'That the Finance Bill be taken into consideration.'

The motion was adopted.

The Honourable the President: The following are the amendments:

'1. At the beginning of sub-clause (1) of clause 2 the words 'with effect from the first day of March, 1921' have been inserted, and at the end of that sub-clause the words 'and such substituted Schedule shall take effect from the first day of March 1921' have been omitted.'

The amendment was adopted.

The Honourable the President:

2. For clause 4 of the Bill the following clause has been substituted, namely:

4. With effect from the first day of April, 1921, for the first Schedule to the Freight (Railway and Inland Steam-vessel Tax Act, 1917, the Schedule contained in the fourth Schedule to this Act shall be substituted.'

The amendment was adopted.

The Honourable the President:

'3. In item 5 of the Schedule to be substituted in the Indian Tariff Act, 1894, after the words 'Pearls unset' the words 'and imported unpierced' have been added.'

The amendment was adopted.

The Honourable the President:

'4. For item 41 the following items have been substituted, namely:

'41. PETROLEUM, including also naptha and the liquids commonly known by the names of rock oil, Rangoon oil, Burma oil, kerosene, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the classes of petroleum included in No. 42.	Imperial gallon.	One anna and six pies.

NOTE.—Motor spirit is liable to an additional duty of six annas per gallon under Act II of 1917, as amended by Act III of 1919.

'42. PETROLEUM, which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purposes.'	*ad valorem*	7½ per cent.

The amendment was adopted.

The Honourable the President:

'5 For item 73 the following item has been substituted, namely:

'73. All sorts of animal, essential, mineral and vegetable non-essential oils, excluding petroleum as defined in Nos. 41 and 42.'

The amendment was adopted.

The Honourable the President:

'6. In item 81 after the words 'imported cut' the words 'and pearls imported pierced' have been inserted.'

The amendment was adopted.

The Honourable the President:

'7. At the end of item 83 the words and figures 'and articles made of silk (see No. 132)' have been added.'

The amendment was adopted,

The Honourable the President:

'8. In item 85 after the word 'lorries' and before the word 'chassis' the word 'namely' has been inserted.'

The amendment was adopted.

The Honourable the President:

'9. In item 87 after the word 'cutlery' the words and figures 'excluding electroplated cutlery (see No. 127) have been added.'

The amendment was adopted.

The Honourable the President:

'10. In item 98 after the words 'Haberdashery and Millinery' and after the word 'Hosiery' the words and figures 'excluding articles made of silk (see No. 132)' have been added.'

The amendment was adopted.

The Honourable the President:

'11. Item 105 has been omitted.'

The amendment was adopted.

The Honourable the President:

'12. After item 135 the following item has been inserted, namely:'

'136. Jewellery and Jewels.'

The amendment was adopted.

The Honourable the President:

'13. In item 137 the word 'including' has been omitted.'

The amendment was adopted.

The Honourable the President:

'14. The items of the schedule from 42 to 105 and from 136 to the end have been re-numbered and the necessary consequential amendments have been made.'

The amendment was adopted.

The Honourable the President:

'15. In Schedule III to the Bill for the entries under the heads 'Letters' and 'Registered newspapers,' the following entries have been substituted, namely:

'Letters.	
For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas .	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna.
Registered Newspapers.	
For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas . . .	Half an anna.
For every twenty tolas or fraction thereof exceeding twenty tolas . . .	Half an anna.'

Dr. H. S. Gour: Sir, it is in connection with this amendment that is proposed and which, I believe has met with the universal acceptance of this House, that I wish to say a few words.

In the first line, should not 'for a weight not exceeding one tola..... .9 pies' be omitted altogether and the rest stand as before?

The Honourable the President: As regards the necessity for amending this amendment, the Honourable the Finance Member has pointed out that he proposes by executive action to meet the House in that matter. In that case there is no necessity to make any amendment in the amendment made by the Council of State in view of the fact that it imposes only the maximum rates. If I am mistaken in the matter, the Honourable the Finance Member will correct me.

The Honourable Mr. W. M. Hailey: The figures that are mentioned in the amendment are under section 7 of the Post Office Act our maximum figures, and we can therefore introduce the half tola half anna rate instead of the entry in the Schedule. It will be exceedingly awkward, I admit, to have both the half tola half anna and one tola nine pies rates. And in spite of very obvious administrative objections that do arise, I would put it to the House that on the whole the best course is to pass this without further amendment and let us introduce the half tola half anna by administrative action.

The Honourable the President : The question is, that this Assembly doth agree with the other House in this amendment.*

The motion was adopted.

The Honourable the President :

'16. The following has been inserted as Schedule IV to the Bill, namely :

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

[SEE SECTION 4.]

SCHEDULE I.

[SEE SECTION 3.]

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable.	Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an Inland Steam-vessel.'

The question is :

'That this Assembly doth agree with the other House in this amendment.'

Mr. B. Venkatapatiraju : Sir, when there is so much harmony, I should not like to stand up to sound a discordant note. But the Honourable Mr. Hailey has well pointed out that there may be some die-hards. Now, Sir, we need not die in the first trench out of fright. Let us fight to the end. The question now is this. If we have to interfere with reference to the Schedule anywhere, the Honourable Mr. Hailey says that we will not have the advantage of half an anna for half a tola which he proposes to give by executive action.

The Honourable the President : Order, order. The Honourable Member cannot speak about postage.

Mr. B. Venkatapatiraju : He says that any change in the Schedule will create a deadlock. Therefore, whenever this Assembly passes any Resolution with reference to the Finance Bill and arrives at a certain figure, if it goes to the Council of State and if it changes, modifies or even alters the figures, and if we want to touch it again, then according to the present understanding the House will be creating a deadlock. I respectfully submit, Sir, that that is a very awkward position to be taken up by this House. So far as this Schedule is concerned, Government on a previous occasion intimated, on the proposal made by Mr. Pickford, that they are agreeable to this. But then it was not acceptable to the other House. We said—those who opposed this Resolution have said on that occasion that we should not give any portion of the surcharge created for financial purposes to any other private companies. We said that we should not do any such thing. Immediately afterwards, Sir, that very evening, if you had noticed it, the Secretary of State has clearly stated that the increases made on the freight charges are solely to meet the financial situation and not at all to meet the Railway deficit. Now, what is suggested in this Schedule is that instead of charging 2 annas 6 pies as they do for railways, a rate of 1 anna 3 pies is suggested for inland steamvessels in order to enable those companies to increase the freight by 1 anna 3 pies. Perhaps that is the object with which this suggestion of reduction is made. Now, Sir,

*'15. In Schedule III to the Bill for the entries under the heads 'Letter' and 'Registered newspapers,' the following entries have been substituted, namely :

Letters.	
For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas .	One anna.
For every two and a half tolas or fraction thereof exceeding two and a half tolas	One anna.
Registered Newspapers.	
For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas .	Half an anna.
For every twenty tolas or fraction thereof exceeding twenty tolas .	Half an anna,'

like the suggestion of not increasing above the half tola half anna rate by executive action, is it possible that the steam-ship companies, as suggested by some in the morning, would not increase the freight? If they do not increase the freight, we do not grudge any decreased charges on that account. But I submit, Sir, if they were to utilise these reduced rates in order to increase their freight, it is practically imposing 2½ annas of surcharge and giving it to Government not directly but indirectly. Sir, the House need not be anxious that we are creating deadlocks. The Viceroy is sufficient in order to avoid any such thing. If you feel and if you are convinced that a certain thing is not acceptable to your conscience, you need not be anxious that you will be regarded by some as die-hards. You must exercise your own judgment and do whatever you think fit.

The Honourable Mr. W. M. Hailey: Sir, I quite agree with Mr. Raju that the House ought not in any case to be so apprehensive of producing a deadlock that it ought to vote against its conscience on any matter. As a Member of this House, I should equally refuse, merely because I was afraid of creating a constitutional deadlock, to vote against my conscience. But I do not think a case of conscience really arises here, in the sense suggested by the Honourable Member. I will give—and I think I ought to give the House again—the reasons why we on our part some days ago agreed to charge on traffic carried by inland steamship companies only half the surtax that we proposed to place on railway traffic. I feel that it is due to the House that this proposal, which involves the surrender of a certain amount of potential revenue, should be explained and justified to it. Now, Sir, what are the exact circumstances? They are that you have the Railways in close competition with inland steam-vessels. They both, I understand, take the same kind of traffic, and their rates must consequently compare with railway rates. I would add that in competition with both of them you have country boats. Now, we have found it necessary to put a tax on railway freights. We wanted money largely to make up the decreasing profits of our Railways and to allow us to spend more on their necessary repairs. So, Sir, if we take that tax from the Railways, we are to a certain extent at all events putting it back to the Railways, if not the whole, then certainly a considerable part of it.

The traffic carried by inland steamship companies paid the old surtax, but it was so light that it made no very great difference to them; what we now propose is a substantially heavier surtax. They, like the railways, find that their working expenses have increased and in ordinary circumstances they would raise their rates (as they have every right to do) in order to meet these increasing charges. But, as I have said, they are in competition with railways, and this fact limits their power of raising their rates. Take a unit of freight, say a big figure of Rs. 100, as this is simplest for purpose of calculation. We may for present purposes assume that this unit of freight is practically the same on the steamship companies and on the railways. We are proposing to put some 15 per cent. roughly on to the railway freight, thus making it 115. If we put 15 per cent. on the steamship freights also, their freights will also be Rs. 115. Thereby, we now make it practically impossible for the steamship companies to take any extra freight in order to compensate them for the increasing charges which they must meet in order to carry their traffic; if they did so, then they would have to raise that Rs. 115 to a much higher figure, that is, substantially above the railway rates. It is to that extent that we prevent them meeting the extra charges due to increased working cost. Now, when we considered the case before, I said that we agreed that we ought to take only half in the case of the inland steamship companies of what we take in the case of the railways thus allowing scope for a legitimate increase in inland steamship freights. I admit that that compromise was not accepted at the time. It was not thought to be sufficient, but in spite of this proposal, I nevertheless do not in my mind recede from the position that we should certainly be doing an injustice to the steamship companies if we took an equivalent surtax on steamship and railway freights. Some Honourable Members have argued as though we were giving a refund. No refund is of course proposed; we are only reducing the total amount we might otherwise have taken. It is claimed on behalf of the inland steamship companies, that as we take nothing from the country boats we should place no surtax on freight carried by the steamship companies. Well, Sir, our justification for taking this surcharge is the precedent we have already established in the case of the existing small surtax. But the House will realize that this is an important additional argument in favour of the view that I am putting before it in regard to taking from steam-ships only half the railway surtax. The House will remember, also that when as we expect to do, we substitute a revised goods rate on our railways for the surtax, then we shall have no reason for maintaining this charge on the steam-ship companies. That fact in itself again enforces the view which I am putting before the House.

Mr. Eardley Norton: Something has been said to-day about conscience and a great deal has been said about consistency. It is not for me to say whether I suffer either from conscience or from consistency, but if I do I am not the only person who is amenable to that charge. I remember, during the debates upon the Budget, that the Honourable Finance Member made an offer to my Honourable friend, Mr. Pickford, whose grievances with regard to the inland steam-vessels he admitted to be just—an offer to give him one half of what he was asking for. This offer was repudiated by my Honourable friend in language which rose to the heights of great indignation. He rejected the offer and animadverted very strongly on the attitude of an English official who attempted to compromise with justice by an offer of one half only of the whole claim.

Mr. A. D. Pickford: I did accept the offer. Only my offer was not in proper form and was therefore ruled out by the Chair.

Mr. Eardley Norton: If I misunderstood my Honourable friend, I regret it, but if he is prepared to be consistent with his former position (though I do not understand why he should accept from the Council of State a proposal he attacked with so much scorn when offered by the Government) and will move the omission of this item from the amendments by the Council of State, I shall be happy to vote with him.

Mr. A. D. Pickford: Half a loaf is better than no bread.

The Honourable the President: The question is:

'That this Assembly doth agree with the other House in the amendment * No. 16 on the paper.'

The motion was adopted.

The Assembly then adjourned till Saturday, the 26th March 1921.

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* '16. The following has been inserted as Schedule IV to the Bill, namely,

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

[SEE SECTION 4.]

SCHEDULE I.

[SEE SECTION 3.]

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable	Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an inland steam-vessel.'

The following Act of the Indian Legislature received the assent of the Governor General on the 27th March, 1921, and is hereby promulgated for general information : –

ACT No. VI OF 1921.

An Act further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

WHEREAS it is expedient further to amend the Indian Tariff Act, 1894, the Indian Post Office Act, 1898, the Indian Income-tax Act, 1918, and the Super-tax Act, 1920, and to amend the Freight (Railway and Inland Steam-vessel) Tax Act, 1917; It is hereby enacted as follows:— VIII of 1894. VI of 1898. VII of 1918. XIX of 1920. XIII of 1917

Short title and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1921.

(*2*) Sections 3, 4, 5 and 6 shall remain in force only up to the 31st day of March, 1922.

Amendment of Act VIII of 1894.

2. (*1*) With effect from the first day of March 1921 for the second Schedule to the Indian Tariff Act, 1894, the Schedule contained in the first Schedule to this Act shall be substituted. VIII of 1894.

(*2*) The enactments mentioned in the second Schedule to this Act are hereby repealed to the extent specified in the fourth column thereof.

Amendment of Act VI of 1898.

3. With effect from the first day of April, 1921, for the first Schedule to the Indian Post Office Act, 1898, the Schedule contained in the third Schedule to this Act shall be substituted. VI of 1898.

Amendment of Act XIII of 1917.

4. With effect from the first day of April, 1921, for the first Schedule to the Freight (Railway and Inland Steam-vessel) Tax Act, 1917, the Schedule contained in the Fourth Schedule to this Act shall be substituted. XIII of 1917.

Amendment of Act VII of 1918.

5. With effect from the first day of April, 1921, for the first and second Schedules to the Indian Income-tax Act, 1918, the Schedules contained in the fifth Schedule to this Act shall be substituted. VII of 1918.

Amendment of Act XIX of 1920.

6. With effect from the first day of April, 1921, for the Schedule to the Super-tax Act, 1920, the Schedule contained in the sixth Schedule to this Act shall be substituted. XIX of 1920.

SCHEDULE I.

Schedule to be substituted in the Indian Tariff Act, 1894.

[*See section 2 (1).*]

"SCHEDULE II—IMPORT TARIFF.

PART I.

Articles which are free of duty.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
1	HOPS.
2	SALT imported into British India and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Government of Bengal to manufacturers of glazed stone-ware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Governor General in Council, for use in curing fish in those provinces. (For the general duty on salt, *see* No. 36.)
	II.—Raw materials and produce and articles mainly unmanufactured—
	HIDES AND SKINS, RAW.
3	HIDES AND SKINS, raw or salted.
	METALLIC ORES.
4	METALLIC ORES, all sorts.
	PRECIOUS STONES AND PEARLS.
5	PRECIOUS STONES, unset and imported uncut, and PEARLS, unset and imported unpierced.
	SEEDS.
6	OIL-SEEDS imported into British India by sea from the territories of any Prince or Chief in India.
	TEXTILE MATERIALS.
7	COTTON, raw.
8	WOOL, raw.
	MISCELLANEOUS.
9	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, nitrate of lime, calcium cyanamide, mineral phosphates and mineral superphosphates.
10	PULP OF WOOD, RAGS and other paper-making materials.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
11	UNIFORMS AND ACCOUTREMENTS appertaining thereto, imported by a public servant for his personal use.
	ARMS, AMMUNITION AND MILITARY STORES.
12	The following ARMS, AMMUNITION AND MILITARY STORES:— (*a*) Articles falling under the 5th, 6th, 8th, 9th or 10th item of No. 43, when they appertain to a firearm falling under the 1st or 3rd item and are fitted into the same case with such firearm. (*b*) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform.

SCHEDULE II—IMPORT TARIFF.

PART I—*contd.*

Articles which are free of duty.

No.	Names of Articles.
	(*c*) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (*i*) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (*ii*) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector General or Commissioner of Police, to be imported by the officer for the purpose of his equipment.
	(*d*) Swords for presentation as army or volunteer prizes.
	(*e*) Arms, ammunition, and military stores imported with the sanction of the Government of India for the use of any portion of the military forces of a State in India which may be maintained and organized for Imperial Service.
	(*f*) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.
	CHEMICALS, DRUGS AND MEDICINES.
13	ANTI-PLAGUE SERUM.
14	QUININE and other alkaloids of cinchona.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
15	The following AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, elevators, seed-crushers, chaff-cutters, root-cutters, horse and bullock gears, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, and rakes; also component parts of these implements, provided that they can be readily fitted into their proper places in the implements for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.
16	The following DAIRY APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aërating and cooling apparatus, churns, butter dryers, and butter workers; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy purposes.
17	INSTRUMENTS, APPARATUS and APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.
18	WATER-LIFTS, SUGAR-MILLS, OIL-PRESSES, and parts thereof, when constructed so that they can be worked by manual or animal power.
	METALS.
19	CURRENT NICKEL, BRONZE, AND COPPER COIN of the Government of India.
20	GOLD AND SILVER BULLION and coin.
	PAPER.
21	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.
	YARNS AND TEXTILE FABRICS.
22	COTTON TWIST AND YARN, and COTTON SEWING OR DARNING THREAD.
23	SECOND-HAND OR USED GUNNY BAGS made of jute.
	MISCELLANEOUS
24	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.
25	BOOKS printed, including covers for printed books, maps, charts, and plans, proofs, music and manuscripts.
	IV.—Miscellaneous and unclassified—
26	ANIMALS, living, all sorts.
27	SPECIMENS ILLUSTRATIVE OF NATURAL SCIENCE, and medals and antique coins."

SCHEDULE II—IMPORT TARIFF.

PART II.

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	I.—Food, Drink and Tobacco—		
	FISH.		
28	FISH, SALTED, wet or dry	Indian maund of 82⅔ lbs. avoirdupois weight.	Such rate or rates of duty not exceeding twelve annas as the Governor General in Council may, by notification in the *Gazette of India*, from time to time, prescribe.
	LIQUORS.		
29	ALE, Beer, Porter, Cider and other fermented liquors.	Imperial gallon or 6 quart bottles.	Six annas and six pies.
30	SPIRIT, which has been rendered effectually and permanently unfit for human consumption.	*Ad valorem* . .	7½ per cent.
31	PERFUMED SPIRITS	Imperial gallon or 6 quart bottles.	30 0
32	LIQUEURS, Cordials, Mixtures and other preparations containing spirit—		
	(*a*) Entered in such a manner as to indicate that the strength is not to be tested.	Ditto.	25 0
	(*b*) If tested	Imperial gallon or 6 quart bottles of the strength of London proof.	18 12 and the duty to be increased or reduced in proportion as the strength of the spirit exceeds or is less than London proof.
33	All other sorts of SPIRIT	Ditto.	Ditto.
34	WINES—		
	Champagne and all other sparkling wines not containing more than 42 per cent. of proof spirit.	Imperial gallon or 6 quart bottles.	9 0
	All other sorts of wines not containing more than 42 per cent. of proof spirit:	Ditto.	4 8
	Provided that all sparkling and still wines containing more than 42 per cent. of proof spirit shall be liable to duty at the rate applicable to 'All other sorts of Spirit.'		
	SUGAR.		
35	SUGAR, all sorts including molasses and saccharine produce of all sorts, but excluding confectionery (*see* No. 122).	*Ad valorem* . .	15 per cent.
	OTHER FOOD AND DRINK.		
36	SALT, excluding salt exempted under No. 2 .	Indian maund of 82⅔ lbs. avoirdupois weight.	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.
	TOBACCO.		
37	TOBACCO, unmanufactured	Pound . . .	1 0
38	CIGARS AND CIGARETTES	*Ad valorem* . .	75 per cent.
39	All other sorts of TOBACCO manufactured .	Pound . . .	2 4

SCHEDULE II—IMPORT TARIFF.

PART II—*contd.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
			R A.
	II.—Raw materials and produce and articles mainly unmanufactured—		
	COAL, COKE AND PATENT FUEL.		
40	COAL, COKE AND PATENT FUEL . .	Ton . .	0 8
	OILS.		
41	PETROLEUM, including also naphtha and the liquids commonly known by the names of rock oil, Rangoon oil, Burma oil, kerosine, paraffin oil, mineral oil, petroline, gasoline, benzol, benzoline, benzine, and any inflammable liquid which is made from petroleum, coal, schist, shale, peat or any other bituminous substance, or from any products of petroleum, but excluding the classes of petroleum included in No. 42. NOTE.—Motor spirit is liable to an additional duty of 6 annas per gallon under Act II of 1917 as amended by Act III of 1919.	Imperial gallon .	One anna and six pies.
42	PETROLEUM which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively for the batching of jute or other fibre, or for lubricating purposes, and Petroleum which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is proved to the satisfaction of the Collector of Customs to be intended for use exclusively as fuel or for some sanitary or hygienic purpose.	*Ad valorem* . .	7½ per cent.
	III.—Articles wholly or mainly manufactured—		
	ARMS, AMMUNITION AND MILITARY STORES.		
43	Subject to the exemptions specified in No. 12—		
	(1) Firearms other than pistols, including gas and air-guns and rifles.	Each . . .	15
	(2) Barrels for the same, whether single or double.	„ .	15
	(3) Pistols, including automatic pistols and revolvers.	„ . . .	15
	(4) Barrels for the same, whether single or double.	„ . . .	15 } or 20 per cent *ad valorem*, whichever is higher
	(5) Main springs and magazine springs for firearms, including gas-guns and rifles.	„ . .	5
	(6) Gun stocks and breech blocks . . .	„ . .	3
	(7) Revolver-cylinders, for each cartridge they will carry.	„ . .	2

SCHEDULE II—IMPORT TARIFF.

PART II—*concld.*

Articles which are liable to duty at special rates.

No.	Names of Articles.	Unit or method of assessment.	Rate of duty.
	(8) Actions (including skeleton and waster) breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Each . . .	R 1 or 20 per cent. *ad valorem*, whichever is higher.
	(9) Machines for making, loading, or closing cartridges for rifled arms	*Ad valorem* . .	20 per cent.
	(10) Machines for capping cartridges for rifled arms.	*Ad valorem* . .	20 per cent.
	CHEMICALS, DRUGS AND MEDICINES.		R A.
44	Opium and its alkaloids and their derivatives.	Seer of 80 tolas .	24 0
	MISCELLANEOUS.		
45	Matches—		R A.
	(1) In boxes containing not more than 100 matches.	Per gross of boxes .	0 12
	(2) In boxes containing more than 100 matches.	For every 100 matches or fraction thereof in each box, per gross of boxes.	0 12

SCHEDULE II—IMPORT TARIFF.

PART III.

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
	GRAIN, PULSE AND FLOUR.
46	GRAIN AND PULSE, all sorts, including broken grains and pulse, but excluding flour (*see* No. 67).
47	FODDER, BRAN AND POLLARDS.
	PROVISIONS AND OILMAN'S STORES.
48	VINEGAR in casks.
	II.—Raw materials and produce and articles mainly unmanufactured—
	METALLIC ORES AND SCRAP IRON OR STEEL FOR RE-MANUFACTURE.
49	IRON OR STEEL, old.
	WOOD AND TIMBER.
50	FIREWOOD.
	III.—Articles wholly or mainly manufactured—
	CHEMICALS, DRUGS AND MEDICINES.
51	COPPERAS, green.
	HARDWARE, IMPLEMENTS AND INSTRUMENTS.
52	TELEGRAPHIC INSTRUMENTS AND APPARATUS, and parts thereof imported by or under the orders of a railway company.
	MACHINERY.
53	MACHINERY, namely, prime-movers and component parts thereof, including boilers and component parts thereof ; also including locomotive and portable engines, steam-rollers, fire engines, and other machines in which the prime-mover is not separable from the operative parts. MACHINERY (and component parts thereof), meaning machines or sets of machines to be worked by electric, steam, water, fire or other power not being manual or animal labour, or which, before being brought into use, require to be fixed with reference to other moving parts ; and including belting of all materials for driving machinery : Provided that the term does not include tools and implements to be worked by manual or animal labour, and provided also that only such articles shall be admitted as component parts of machinery as are indispensable for the working of the machinery, and are, owing to their shape or to other special quality, not adapted for any other purpose. *Note.*—This entry includes machinery and component parts thereof made of substances other than metal.
	METALS—IRON AND STEEL.
54	IRON, angle. „ bar, rod and channel, including channel for carriages. „ pig. „ rice bowls.

SCHEDULE II—IMPORT TARIFF.

PART III—*contd.*

Articles which are liable to duty at 2½ per cent. *ad valorem.*

No.	Names of Articles.
55	IRON OR STEEL, anchors and cables.
	„ „ beams, joists, pillars, girders, screw piles, bridge work and other such descriptions of iron or steel, imported exclusively for building purposes; including also ridging, guttering and continuous roofing.
	„ „ bolts and nuts, including hook-bolts and nuts for roofing.
	„ „ hoops and strips.
	„ „ nails, rivets and washers, all sorts.
	„ „ pipes and tubes and fittings therefor, such as bends, boots, elbows, tees, sockets, flanges and the like.
	„ „ rails, chairs, sleepers, bearing and fish-plates, spikes (commonly known as dog-spikes), switches and crossings, other than those described in No. 58, also lever-boxes, clips and tie-bars.
	„ „ sheets and plates, all sorts excluding discs and circles which are dutiable under No. 96.
	„ „ wire, including fencing wire, piano-wire and wire-rope, but excluding wire-netting which is dutiable under No. 96.
56	STEEL, angle.
	„ bar, rod, and channel, including channel for carriages.
	„ cast including spring blistered and tub steel.
	„ ingots, blooms, billets and slabs.
	METALS OTHER THAN IRON AND STEEL.
57	LEAD sheets, for tea-chests.
	RAILWAY PLANT AND ROLLING-STOCK.
58	RAILWAY MATERIAL for permanent-way and rolling-stock, namely, cylinders, girders, and other material for bridges, rails, sleepers, bearing and fish-plates, fish-bolts, chairs, spikes, crossings, sleeper fastenings, switches, interlocking apparatus, brake gear, couplings and springs, signals, turn-tables, weigh-bridges, engines, tenders, carriages, wagons, traversers, trollies, trucks, and component parts thereof; also the following articles when imported by, or under the orders of, a railway company, namely, cranes, water cranes, water tanks, and standards, wire and other materials for fencing : Provided that for the purpose of this entry ' railway ' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor General in Council may, by notification in the *Gazette of India*, specifically include therein : Provided also that only such articles shall be admitted as component parts of railway material as are indispensable for the working of railways, and are, owing to their shape or to other special quality, not adapted for any other purpose.
	MISCELLANEOUS.
59	AEROPLANES, aeroplane parts, aeroplane engines and aeroplane engine parts.
60	PRINTING AND LITHOGRAPHING MATERIAL, namely, presses, type, ink, aluminium lithographic plates, brass rules, composing sticks, chases, imposing tables, and lithographic stones, stereo-blocks, roller moulds, roller frames and stocks, roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate, printing presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines, leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and paging and numbering machines, but excluding paper (*see* No. 98).
61	RACKS for the withering of tea leaf.
62	SHIPS AND OTHER VESSELS for inland and harbour navigation, including steamers, launches, boats and barges, imported entire or in sections.
63	TEA-CHESTS of metal or wood, whether imported entire or in sections, provided that the Collector of Customs is satisfied that they are imported for the purpose of the packing of tea for transport in bulk.

SCHEDULE II—IMPORT TARIFF.

PART IV.

Articles which are liable to duty at 11 per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco—
	FISH.
64	FISH, excluding salted fish (*see* No. 28).
65	FISHMAWS, including signally and sozille, and sharkfins.
	FRUITS AND VEGETABLES.
66	FRUITS AND VEGETABLES, all sorts, fresh, dried, salted or preserved.
	GRAIN, PULSE AND FLOUR.
67	FLOUR.
	PROVISIONS AND OILMAN'S STORES.
68	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts, excluding vinegar in casks (*see* No. 48).
	SPICES.
69	SPICES, all sorts.
	TEA.
70	TEA.
	OTHER FOOD AND DRINK.
71	COFFEE.
72	All other sorts of Food and Drink not otherwise specified.
	II.—Raw materials and produce and articles mainly unmanufactured—
	GUMS, RESINS AND LAC.
73	GUMS, RESINS AND LAC, all sorts.
	OILS.
74	All sorts of animal essential, mineral, and vegetable non-essential oils, excluding petroleum as defined in Nos. 41 and 42.—
	SEEDS.
75	SEEDS, all sorts, excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6).
	TALLOW, STEARINE AND WAX.
76	TALLOW AND STEARINE, including grease and animal fat, and wax of all sorts not otherwise specified.

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	TEXTILE MATERIALS.
77	TEXTILE MATERIALS, the following :—
	Silk waste, and raw silk including cocoons, raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.
	WOOD AND TIMBER.
78	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.
	MISCELLANEOUS.
79	CANES AND RATTANS.
80	COWRIES and SHELLS.
81	IVORY, unmanufactured.
82	PRECIOUS STONES, unset and imported cut and PEARLS imported pierced (*see* No. 5).
83	All other raw materials and produce and articles mainly unmanufactured, not otherwise specified.
	III.—Articles wholly or mainly manufactured—
	APPAREL.
84	APPAREL, including drapery, boots and shoes, and military and other uniforms and accoutrements, but excluding uniforms and accoutrements exempted from duty under No. 11 and gold and silver thread (*see* Nos. 130 and 131), and articles made of silk (*see* No. 132).
	ARMS, AMMUNITION AND MILITARY STORES.
85	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting reburite, blasting tonite, and all other sorts, including detonators and blasting fuze.
	CARRIAGES AND CARTS.
86	CARRIAGES AND CARTS, including jinrikshas, bath chairs, perambulators, trucks, wheel-barrows, and all other sorts of conveyances and component parts thereof not otherwise specified, and including motor vans if imported with all their parts assembled and also including motor lorries and the following component parts of motor lorries, namely :—chassis, solid tyres, wheels, bodies, axles and gear boxes (*see* No. 125).
	CHEMICALS, DRUGS AND MEDICINES.
87	CHEMICALS, DRUGS AND MEDICINES, all sorts, not otherwise specified.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
88	CUTLERY excluding electroplated cutlery (*see* No. 127).
89	HARDWARE, IRONMONGERY AND TOOLS, all sorts, not otherwise specified.
90	All other sorts of IMPLEMENTS, INSTRUMENTS, APPARATUS AND APPLIANCES and parts thereof, not otherwise specified.
	DYES AND COLOURS.
91	DYEING AND TANNING SUBSTANCES, all sorts, and paints and colours and painters' materials, all sorts.
	FURNITURE, CABINETWARE AND MANUFACTURES OF WOOD.
92	FURNITURE, CABINETWARE and all other manufactures of wood not otherwise specified.
	GLASSWARE AND EARTHENWARE.
93	GLASS AND GLASSWARE, lacquered ware, earthenware, china and porcelain; all sorts except glass bangles, beads and false pearls (*see* No. 129).

SCHEDULE II—IMPORT TARIFF.

PART IV—*contd.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
	HIDES AND SKINS AND LEATHER.
94	HIDES AND SKINS not otherwise specified, LEATHER AND LEATHER MANUFACTURES, all sorts, not otherwise specified.
	MACHINERY.
95	MACHINERY AND COMPONENT PARTS thereof, meaning machines or parts of machines to be worked by manual or animal labour.
	METALS—IRON AND STEEL.
96	All sorts of IRON AND STEEL and manufactures thereof, not otherwise specified.
	METALS OTHER THAN IRON AND STEEL.
97	All sorts of METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.
	PAPER, PASTEBOARD AND STATIONERY.
98	PAPER AND ARTICLES MADE OF PAPER AND PAPIER MACHÉ, PASTEBOARD, MILLBOARD, AND CARDBOARD, all sorts, and STATIONERY, including ruled or printed forms and account and manuscript books, drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter, and other cards, including cards in booklet form, including also wastepaper and old newspapers for packing, but excluding trade catalogues and advertising circulars imported by packet, book, or parcel post (*see* No. 21).
	YARNS AND TEXTILE FABRICS.
99	YARNS AND TEXTILE FABRICS, that is to say:—
	Cotton piecegoods, thread other than sewing or darning thread, and all other manufactured cotton goods not otherwise specified.
	Flax, twist and yarn, and manufactures of flax;
	Haberdashery and millinery, excluding articles made of silk (see No. 132).
	Hemp manufactures;
	Hosiery, excluding articles made of silk (*see* No. 132).
	Jute, twist and yarn, and jute manufactures, excluding secondhand or used gunny bags (*see* No. 23).
	Silk yarn, noils and warps and silk thread;
	Woollen yarn, knitting wool, and other manufactures of wool including felt;
	All other sorts of yarns and textile fabrics, not otherwise specified.
	MISCELLANEOUS.
100	ART, works of, excluding those specified in No. 24.
101	BRUSHES AND BROOMS.
102	BUILDING AND ENGINEERING MATERIALS, including asphalt, bricks, cement, chalk and lime, clay, pipes of earthenware, tiles, and all other sorts of building and engineering materials not otherwise specified.
103	CANDLES.
104	CORDAGE AND ROPE AND TWINE OF VEGETABLE FIBRE.
105	FURNITURE, TACKLE AND APPAREL, not otherwise described, for steam, sailing, rowing and other vessels.

SCHEDULE II—IMPORT TARIFF

PART IV—*concld.*

Articles which are liable to duty at 11 per cent. *ad valorem.*

No.	Names of Articles.
106	MATS AND MATTING.
107	OILCAKES.
108	OILCLOTH AND FLOOR CLOTH.
109	PACKING—ENGINE AND BOILER—all sorts, excluding packing forming component part of any article included in Nos. 53 and 58.
110	PERFUMERY.
111	PITCH, TAR AND DAMMER
112	POLISHES AND COMPOSITIONS.
113	RUBBER tyres and other manufactures of rubber, not otherwise specified (*see* No. 138).
114	SOAP.
115	STARCH AND FARINA.
116	STONE AND MARBLE, and articles made of stone and marble.
117	TOILET REQUISITES, not otherwise specified.
118	All other articles wholly or mainly manufactured, not otherwise specified.
	IV.—Miscellaneous and unclassified—
119	CORAL.
120	UMBRELLAS, INCLUDING PARASOLS AND SUNSHADES, AND FITTINGS THEREFOR.
121	All other articles not otherwise specified, including articles imported by post.

SCHEDULE II—IMPORT TARIFF.

PART V.

Articles which are liable to duty at 20 per cent. *ad valorem*.

No.	Names of Articles.
	I.—Food, Drink and Tobacco.
122	CONFECTIONERY.
	II.—Articles wholly or mainly manufactured.
	ARMS, AMMUNITION AND MILITARY STORES.
123	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.
124	Subject to the exemptions specified in No. 12 all articles other than those specified in entry No. 43 which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air-guns which are dutiable as hardware under No. 89), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Governor General in Council may, by notification in the Gazette of India, declare to be ammunition or military stores for the purposes of this Act.
	CARRIAGES AND CARTS.
125	MOTOR CARS, motor cycles, motor scooters, bicycles and tricycles and parts and accessories thereof: provided that such parts or accessories as are ordinarily also used for other purposes shall be dutiable at the rate of duty specified for such articles.
	CUTLERY, HARDWARE, IMPLEMENTS AND INSTRUMENTS.
126	CLOCKS AND WATCHES AND PARTS THEREOF.
127	ELECTROPLATED WARE.
128	MUSICAL INSTRUMENTS.
	GLASSWARE AND EARTHENWARE.
129	GLASS BANGLES and BEADS and false pearls.
	METALS.
130	GOLD PLATE, gold thread and wire, and gold manufactures, all sorts.
131	SILVER PLATE, silver thread and wire, and silver manufactures, all sorts.
	YARNS AND TEXTILE FABRICS.
132	SILK PIECE-GOODS, and other manufactures of silk.
	MISCELLANEOUS.
133	CINEMATOGRAPH FILMS.
134	FIRE-WORKS.
135	IVORY, manufactured.
136	JEWELLERY AND JEWELS.
137	PRINTS, engravings and pictures, including photographs and picture postcards.
138	PNEUMATIC RUBBER TYRES AND TUBES for motor cars, motor lorries, motor cycles, motor scooters, bicycles and tricycles.
139	SMOKERS' REQUISITES, excluding tobacco (Nos. 37 to 39) and matches (No. 45).
140	TOYS, games, playing cards and requisites for games and sports.

SCHEDULE II.

ENACTMENTS REPEALED.

[*See section 2(2).*]

1	2	3	4
Year.	No.	Short title.	Extent of Repeal.
1894	VIII	The Indian Tariff Act, 1894	Section 4.
1916	IV	The Indian Tariff Amendment Act, 1916	The word "Second" in section 4 and so much of Schedule I as contains a Schedule II to be inserted in the Indian Tariff Act, 1894.
1917	VI	The Indian Tariff (Amendment) Act, 1917	Section 2.
1920	VII	The Indian Tariff (Amendment) Act, 1920	The whole.

SCHEDULE III.

Schedule to be substituted in the Indian Post Office Act, 1898.

(See section 3.)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(See section 7.)

Letters.

For a weight not exceeding one tola	Nine pies.
For a weight exceeding one tola but not exceeding two and a half tolas	One anna.
For every two and a half tolas or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Quarter of an anna.
Reply	Half an anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE IV.

Schedule to be substituted in the Freight (Railway and Inland Steam-vessel) Tax Act, 1917.

(See section 4.)

"SCHEDULE I.

(See section 3.)

1	2	3
Goods.	Unit or method of taxation.	Rate of tax.
All goods (including goods carried by coaching traffic) other than food grains and pulses, firewood and fodder.	Per rupee of net freight payable.	Two and a half annas in the case of goods carried by a railway; and one and a quarter anna in the case of goods carried by an inland steam-vessel."

Schedules to be substituted in the Indian Income-tax Act, 1918.

(See section 5.)

"SCHEDULE I.

RATES OF TAX.

(See section 14.)

	Rate.
I. When the taxable income is less than ₹2,000	*Nil.*
II. When the taxable income is ₹2,000 or upwards and—	
(*i*) the total income is less than ₹5,000	Five pies in the rupee.
(*ii*) the total income is ₹5,000 or upwards, but is less than ₹10,000	Six pies in the rupee.
(*iii*) the total income is ₹10,000 or upwards, but is less than ₹20,000	Nine pies in the rupee.
(*iv*) the total income is ₹20,000 or upwards, but is less than ₹30,000	One anna in the rupee.
(*v*) the total income is ₹30,000 or upwards, but is less than ₹40,000	One anna and two pies in the rupee.
(*vi*) the total income is ₹40,000 or upwards	One anna and four pies in the rupee.

SCHEDULE II.

RATES OF REFUND.

(See section 37.)

Amount.	Refund.
1. Less than ₹2,000	One anna and four pies in the rupee.
2. ₹2,000 or upwards, but less than ₹5,000	Eleven pies in the rupee.
3. ₹5,000 or upwards, but less than ₹10,000	Ten pies in the rupee.
4. ₹10,000 or upwards, but less than ₹20,000	Seven pies in the rupee.
5. ₹20,000 or upwards, but less than ₹30,000	Four pies in the rupee.
6. ₹30,000 or upwards, but less than ₹40,000	Two pies in the rupee."

SCHEDULE VI.

Schedule to be substituted in the Super-tax Act, 1920.

(See section 6.)

"SCHEDULE.

(See section 4.)

(*1*) In respect of the first lakh of rupees of taxable income—	
(*a*) in the case of a Hindu undivided family—	
(*i*) in respect of the first seventy-five thousand rupees of taxable income	*Nil.*
(*ii*) in respect of the next twenty-five thousand rupees of taxable income	One anna in the rupee.
(*b*) In all other cases—	
(*i*) in respect of the first fifty thousand rupees of taxable income	*Nil.*
(*ii*) in respect of the next fifty thousand rupees of taxable income	One anna in the rupee.
(*2*) In respect of the first fifty thousand rupees of taxable income over one lakh of rupees	One and a half annas in the rupee.
(*3*) In respect of the next fifty thousand rupees of taxable income	Two annas in the rupee.
(*4*) In respect of the next fifty thousand rupees of taxable income	Two and a half annas in the rupee.
(*5*) In respect of the next fifty thousand rupees of taxable income	Three annas in the rupee.
(*6*) In respect of the next fifty thousand rupees of taxable income	Three and a half annas in the rupee.
(*7*) In respect of all taxable income over three and a half lakhs of rupees	Four annas in the rupee."

No. 1170-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

ACCOUNTS AND FINANCE.
ESTIMATES AND ACCOUNTS.

Delhi, the 8th April 1921.

RESOLUTION.

The statements relating to the Revised estimates for 1920-21 and the Budget estimates for 1921-22 which were presented to the Legislative Assembly and the Council of State on the 1st March 1921 have now been revised as a result both of the changes made by the Legislative Assembly, when voting the demands for grants, and of the amendments made by the legislature in the Finance Bill as originally introduced. Certain alterations have also been made in the Revised estimates and in the Budget estimates of revenue in the light of more recent information. The revised statements are now published for general information.

E. M. COOK,
Secretary to the Government of India.

BUDGET

OF THE

GOVERNMENT OF INDIA,

MARCH 1921.

PART I.

ACCOUNTS	1919-20
REVISED ESTIMATES	1920-21

CONTENTS.

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NOTE 1.—It may be explained for the information of Hon'ble Members that, in view of the revised financial arrangements with the provinces which come into effect from the 1st April 1921 and of the revised classification of account heads which is being introduced from that date, the Budget Statements have been prepared in two parts. Part I shows the revenue and expenditure of the Imperial and Provincial Governments together, under the existing financial arrangements and classification, according to the accounts for 1919-20 and the Budget and Revised estimates for 1920-21. Since the 1st April 1920 the accounts have been kept on the basis of £1=R10, while the actuals for 1919-20 and the Budget estimates for 1920-21 were prepared on the basis of £1=R15. For facility of comparison the latter have accordingly in Part I been recast on the basis of £1=R10.

Part II shows the Budget estimates of the Central Government's revenue and expenditure for 1921-22 under the new financial arrangements and classification, and to these figures have been added, for purposes of comparison, the approximate figures of the accounts for 1919-20 and the Revised estimates for 1920-21, as they would have stood if the new division of revenue and expenditure between the Central and Provincial Governments and the new classification had been in force in these years. Thus, the deficit of R20,45,79,000 shown in Statement I in Part II under the Revised estimate for 1920-21 represents the net deficit (after allowing for contributions from the provinces) which would have accrued in the Central Government's revenue account, if the new division of revenue and expenditure had been in force during the year.

A similar separate exhibition of debt, remittance and similar transactions is not necessary, and they are accordingly shown in Part II for all the three years, the accounts for 1919-20 being converted at £1=R15 as in the actual accounts for that year, and the Revised and Budget estimates at £1=R10.

NOTE 2.—At the par of the exchanges R10=£1. Subject therefore to adjustment in respect of exchange variations, the sterling equivalent of any rupee figure in these statements (except in the column for Accounts, 1919-20, in Statement C in Part II) may be found by dividing the figure by ten. In 1919-20 the average rate of the rupee-sterling exchange was 1*s.* 11·87785*d.* the rupee and the average rates for 1920-21 and 1921-22 have been assumed for the purpose of these estimates at 1*s.* 9*d.* and 1*s.* 8*d.* respectively.

I.—General Statement of the Revenue and Expenditure charged to

	For details, vide Statement.	Accounts, 1919-1920.	Budget Estimate, 1920-1921.	Revised Estimate, 1920-1921.
		R	R	R
Revenue—				
Principal Heads of Revenue—				
Land Revenue	A	33,91,49,146	35,69,68,000	32,62,58,000
Opium	„	4,55,62,212	4,41,30,000	3,62,32,000
Salt	„	5,74,79,319	6,73,26,000	6,68,55,000
Stamps	„	10,91,17,665	11,26,12,000	11,28,27,000
Excise	„	19,25,94,029	20,51,10,000	20,21,52,000
Customs	„	22,48,32,802	25,51,45,000	33,24,65,000
Income Tax	„	23,20,78,443	17,08,57,000	21,06,80,000
Other Heads	„	7,43,94,289	7,75,46,000	7,83,18,000
TOTAL PRINCIPAL HEADS	...	1,27,52,07,905	1,28,96,94,000	1,36,57,87,000
Interest	A	5,05,86,915	4,67,74,000	3,69,75,000
Posts and Telegraphs	„	9,20,39,509	9,26,00,000	9,83,86,000
Mint	„	2,67,99,113	1,01,93,000	70,90,000
Receipts by Civil Departments	„	3,39,49,397	3,11,85,000	3,49,83,000
Miscellaneous	„	2,70,74,539	3,32,28,000	12,27,66,000
Railways: Net Receipts	„	31,83,58,664	32,56,03,000	25,78,87,000
Irrigation	„	8,74,93,023	8,91,78,000	9,29,75,000
Other Public Works	„	55,49,014	55,69,000	68,64,000
Military Receipts	„	3,90,52,245	2,14,02,000	3,37,62,000
TOTAL REVENUE	...	1,95,61,10,324	1,94,54,26,000	2,05,74,15,000
DEFICIT	...	23,65,28,825	...	12,93,26,000
TOTAL	...	2,19,26,39,149	1,94,54,26,000	2,18,67,41,000

D. DEWAR,
Auditor General.

DELHI;
FINANCE DEPARTMENT
March 31, 1921.

Revenue, of the Government of India, in India and in England.

	For details, *vide* Statement.	Accounts, 1919-1920.	Budget Estimate, 1920-1921.	Revised Estimate, 1920-1921.
Expenditure—		R	R	R
Direct Demands on the Revenues	B	18,28,87,332	20,45,91,000	22,31,57,000
Interest	„	11,51,64,408	9,52,57,000	11,65,11,000
Posts and Telegraphs	„	6,84,71,526	8,51,85,000	9,88,62,000
Mint	„	48,54,314	35,58,000	29,98,000
Salaries and Expenses of Civil Departments	„	38,33,99,992	41,99,72,000	44,81,13,000
Miscellaneous Civil Charges	„	8,33,12,683	11,12,08,000	12,32,72,000
Famine Relief and Insurance	„	1,70,75,926	1,50,00,000	1,50,00,000
Railways: Interest and Miscellaneous Charges	„	17,93,09,071	19,13,24,000	21,25,00,000
Irrigation	„	6,34,87,567	6,58,55,000	7,01,46,000
Other Public Works	„	10,63,71,544	13,62,96,000	12,18,51,000
Military Services	„	87,25,32,343	57,32,20,000	74,36,79,000
Appropriation from Revenue for meeting deficiency in Paper Currency Reserve.	„	...	8,75,00,000	...
Adjustment on account of the difference in exchange due to the adoption of the 2 shilling basis for conversion.	„	10,89,57,445		
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	2,18,58,24,151	1,98,89,66,000	2,17,60,89,000
Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	1,10,68,419	...	8,20,64,000
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	*42,53,421*	*6,16,65,000*	*7,14,12,000*
TOTAL EXPENDITURE CHARGED TO REVENUE	...	2,19,26,39,149	192,73,01,000	2,18,67,41,000
SURPLUS	...	...	1,81,25,000	...
TOTAL	...	2,19,26,39,149	1,94,54,26,000	2,18,67,41,000

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1919-1920.					BUDGET	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	R	R	R	R	R	R	R
I.—Land Revenue	33,91,49,146	...	33,91,49,146	16,49,08,039	17,42,41,107	35,69,68,000	...
II.—Opium	4,55,62,212	...	4,55,62,212	4,55,62,212	...	4,41,30,000	...
III.—Salt	5,74,79,319	...	5,74,79,319	5,74,79,319	...	6,73,26,000	...
IV.—Stamps	10,91,17,665	...	10,91,17,665	5,56,24,569	5,34,93,096	11,26,12,000	...
V.—Excise	19,25,94,029	...	19,25,94,029	5,51,71,756	13,74,22,273	20,51,10,000	...
VI.—Provincial Rates	5,34 730	...	5,34,730	1,994	5,32,736	5,60,000	...
VII.—Customs	22,48,32,802	...	22,48,32,802	22,48,32,802	...	25,51,45.000	...
VIII.—Income Tax	23,20,78,443	...	23,20,78,443	17,93,86,221	5,26,92,222	17,08,57,000	...
IX.—Forest	5,36,75,794	...	5,36,75,794	22 97,051	5,13,78,743	5,65,63,000	...
X.—Registration	1,08,54,940	...	1,08,54,940	1,49,832	1,07,05,108	1,11,79,000	...
XI.—Tributes from Indian States	93,28,825	...	93,28,825	93,28,825	...	92,44,000	...
Total	1,27,52,07,905	...	1,27,52,07,905	79,47,42,620	48,04,65,285	1,28,96,94,000	...
XII.—Interest	2,01,61,405	3,04,25,510	5,05,86,915	4,52,06,741	53,80,174	1,98,54,000	2,69,20,000
XIII.—Posts and Telegraphs	9,19 95,299	44,210	9,20,39,509	9,20,39,509	...	9,22,75,000	3,25,000
XV.—Mint	2,67,98,523	590	2,67,99,113	2,67,99,113	...	1,01,93,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	72,56,946	...	72,56,946	4,20,313	68,36.633	69,70,000	...
XVI.—Law and Justice { Jails	64,13,865	...	64,13,865	12,70,354	51,43,511	59,80,000	...
XVII.—Police	34,84,092	...	34,84,092	11,64,677	23,19.415	21,0.,000	...
XVIII.—Ports and Pilotage	20,9?,934	...	20,92,934	...	20,92,934	22,60,000	...
XIX.—Education	48,59,943	...	48,59,943	1,11,363	47,48,570	49,05,000	...
XXA.—Medical	17,18,221	1,460	17,19,681	27,601	16,92,080	17,31,000	3,000
XXB.—Sanitation	6,97,830	...	6,97,830	2,46,321	4,51,509	6,16,000	...
XXIA.—Agriculture	28,55,095	...	28,55,095	4,02.308	24,52,787	28,51,000	...
XXIB.—Scientific and Miscellaneous Departments	45,57,821	11,200	45,69,021	2,35,815	43,33,206	37,56,000	13,000
Total	3,39,36,737	12,660	3,39,49,397	38,78,752	3,00,70,645	3,11,69,000	16,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	27,73,527	4,43,490	32,17,017	16,57,603	15,59,414	28,56,000	4,37,000
XXIII.—Stationery and Printing	19,90,165	...	19,90,165	8,42,575	11,47,590	20,18,000	...
XXIV.—Exchange	...	...	...	...	...	...	...
XXV.—Miscellaneous	2,09,06,637	9,60,720	2,18,67,357	1,75,57,927	43,09,430	2,65,05,000	14,12,000
Total	2,56,70,329	14,04,210	2,70,74,539	2,00,58,105	70,16,434	3,13,79,000	18,49,000
Railways—							
XXVI.—State Railways (Gross Receipts)	79 02.65,552	4,86,070	79,07.51,622	79,06,26,615	1 25.007	84,00,00.000	4,86,000
Deduct—Working Expenses	*45,46,75,168*	...	*45,46 75,168*	*45,45,55 861*	*1,19,307*	*50,06 00,000*	...
Surplus profits paid to Companies, etc	*2,00.92,140*	...	*2,00 92,140*	*2,00,92,140*	...	*1,60,00,000*	...
Net Receipts	31,54,98,244	4.86,070	31,59,84,314	31,59,78,614	5,700	32,34,00,000	4.86,000
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	1,93,470	21,80,880	23,74,350	23,74,350	...	1,67 000	15,50,000
Total	31,56,91,714	26,66,950	31,83,58,664	31,83,52,964	5,700	32,35,67,000	20,36,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	5,35,89,789	...	5,35,89,789	2,27,87,169	3,08,02,620	5,24,12,000	...
Portion of Land Revenue due to Irrigation	2,91,77,939	...	2,91,77,939	1,58,13,857	1,33,64,082	3,19,58,000	...
XXX.—Minor Works and Navigation	47,25,295	...	47,25,295	16,09,809	31,15,486	48,08,000	...
Total	8,74,93,023	...	8,74,93,023	4,02,10,835	4,72,82,188	8,91,78,000	...
Other Public Works—							
XXXI.—Civil Works	55,49,014	...	55,49,014	10,02,927	45,46,087	55,69,000	...
Military Receipts—							
XXXII.—Army: Effective	2,24,18,603	25,39,950	3,19,58,553	3,19,58,553	...	1,39,61,000	23,70,000
Non-Effective	9,90,028	4,03,910	13,93,938	13,93,938	...	8,66,000	4,10,000
	3,34,08,631	29,43,860	3,33,52,491	3,33,52,491	...	1,48,27,000	27,80,000
XXXIII.—Marine	40,72,325	...	40,72,325	40,72,325	...	24,15,000	...
XXXIV.—Military Works	16,27,429	...	16,27,429	16,27,429	...	18,80,000	...
Total	3,61,08,385	29,43,860	3,90,52,245	3,90,52,245	...	1,86,22,000	27,80,000
Transfers between Imperial and Provincial Revenues	...	...	...	—2,86,95,014	+2,86,95,014	...	...
TOTAL REVENUE	1,91,86,12,334	3,74,97,990	1,95,61,10,324	1,35,26,48,797	60,34,61,527	1,91,15,00,000	3,39,26,000

India, in India and in England.

ESTIMATE, 1920-1921.			REVISED ESTIMATE, 1920-1921.					Increase + Decrease — as compared with Budget Estimate, 1920-1921.
Total.	Distribution of Total between		India.	England.	Total.	Distribution of Total between		
	Imperial.	Provincial.				Imperial.	Provincial.	
R	R	R	R	R	R	R	R	R
35,69,68,000	17,22,91,000	18,46,77,000	32,62,58,000	...	**32,62,58,000**	15,78,58,000	16,84,00,000	—3,07,10,000
4,41,30,000	4,41,30,000	...	3,62,32,000	...	**3,62,32,000**	3,62,32,000	...	—78,98,000
6,73,26,000	6,73,26,000	...	6,68,55,000	...	**6,68,55,000**	6,68,55,000	...	—4,71,000
11,26,12,000	5,74,21,000	5,51,91,000	11,28,27,000	...	**11,28,27,000**	5,76 52,000	5,51,75,000	+ 2,15,000
20,51,10,000	5,91,35,000	14,59,75,000	20,21,52,000	...	**20,21,52,000**	5,74,52,000	14,47,00,000	—29,58,000
5,60,000	2,000	5,58,000	6,10,000	...	**6,10,000**	2,000	6,08,000	+ 50,000
25,51,45,000	25,51,45,000	...	33,24,65,000	...	**33,24,65,000**	33,24,65,000	...	+ 7,73,20,000
17,08,57,000	11,30,69,000	5,77,88,000	21 06,80,000	...	**21,06,80,000**	14,79,94,000	6,26,86,000	+ 3,98,23,000
5,65,63,000	24,91,000	5,40,72 000	5,69,66,000	...	**5,69,66,000**	19,06,000	5,50,60,000	+ 4,03,000
1,11,79,000	1,29,000	1,10,50,000	1,15,19,000	...	**1,15,19,000**	1,65,000	1,13,54,000	+3,40,000
92,44,000	92,44,000	...	92,23,000	...	**92,23,000**	92,23,000	...	—21,000
1,28,96,94,000	78,03,83,000	50,93,11,000	1,36,57,87,000	...	**1,36,57,87,000**	86,78,04,000	49,79,83,000	+ 7,60,93,000
4,67,74,000	4,08,67,000	59,07,000	2,24,24,000	1,45,51,000	**3,69,75,000**	3,05,23,000	64,52,000	—97,99,000
9,26,00,000	9,26,00,000	...	9,82,94,000	92,000	**9,83,86,000**	9,83,86,000	...	+ 57,86,000
1,01,93,000	1,01,93,000	...	70,89,000	1,000	**70,90,000**	70,90,000	...	—31,03,000
69,70,000	3,40,000	66,30,000	74,09,000	...	**74,09,000**	3,92,000	70,17,000	+ 4,39,000
59,80,000	8,91,000	50,89,000	64,14,000	...	**64,14,000**	10 88,000	53,26,000	+ 4,34,000
21,00,000	1,01,000	19,99,000	39,45,000	...	**39,45,000**	15,12,000	24,33,000	+ 18,45,000
22,60,000	...	22,60,000	23,89,000	...	**23,89,000**	...	23,89,000	+ 1,29,000
49,05,000	1,18,000	47,87,000	48,41,000	...	**48,41,000**	1,12,000	47,29,000	—64,000
17,34,000	28,000	17,06,000	18,85,000	2,000	**18,87,000**	37,000	18,50,000	+ 1,53,000
6,16,000	2,47,000	3,69,000	10,24 000	...	**10,24,000**	6,00,000	4,24,000	+ 4,08,000
28,51,000	4,42,000	24,09,000	25,82,000	...	**25,82,000**	3,62,000	22,20,000	—2,69,000
37,69,000	4,57,000	33,12,000	44,69,000	23,000	**44,92,000**	7,42,000	37,50,000	+ 7,23,000
3,11,85,000	26,24,000	2,85,61,000	3,49,58,000	25,000	**3,49,83,000**	48,45,000	3,01,38,000	+ 37,98,000
32,93,000	17,62,000	15,31,000	28,59,000	4,08,000	**32,67,000**	15,89,000	16,78,000	—26,000
20,18,000	9,22,000	10 96,000	21,74,000	...	**21,74,000**	9,78,000	11,96,000	+ 1,56,000
...	...	...	...	...	...	...	...	...
2,79,17,000	1,47,78,000	1,31,39,000	11,11,34,000	61,91,000	**11,73,25,000**	2,10,22,000	9,63,03,000	+ 8,94,08,000
3,32,28,000	1,74,62,000	1,57,66,000	11,61,67,000	65,99,000	**12,27,66,000**	2,35,89,000	9,91,77,000	+ 8,95,38,000
84,04,86,000	84,03,36,000	1,50,000	81,28,67,000	4,86,000	**81,33,55,000**	81,32,25,000	1,30,000	—2,71,31,000
50,66,00,000	*50,04,45,000*	*1,55,000*	*54,13,20,000*	...	***54,13,20,000***	*54,11,55,000*	*1,65,000*	—4,07,20,000
1,60,00,000	*1,60,00,000*	...	*1,68,34,000*	...	***1,68,34,000***	*1,68,34,000*	...	—8,34,000
32,38,86,000	32,33,91,000	—5,000	25,47,15,000	4,86,000	**25,52,01,000**	25,52,36,000	—35,000	—6,86,85,000
17,17,000	17,17,000	...	5,44,000	21,42,000	**26,86,000**	26,86,000	...	+ 9,69,000
32,56,03,000	32,56,08,000	—5,000	25,52,59,000	26,28,000	**25,78,87,000**	25,79,22,000	—35,000	—6,77,16,000
5,24,12,000	2,29,35,000	2,94,77,000	5,60,50,000	...	**5,60,50,000**	2,41,44,000	3,19,06,000	+ 36,38,000
3,19,58,000	1,72,10,000	1,47,48,000	3,20,64,000	...	**3,20,64,000**	1,72,50,000	1,48,14,000	+ 1,06,000
48,08,000	17,95,000	30,13,000	48,61,000	...	**48,61,000**	19,00,000	29,61,000	+ 53,000
8,91,78,000	4,19,40,000	4,72,38,000	9,29,75,000	...	**9,29,75,000**	4,32,94,000	4,96,81,000	+ 37,97,000
55,69,000	9,08,000	46,61,000	68 64,000	...	**68,64,000**	11,35,000	57,29,000	+ 12,95,000
1,63,31,000	1,63,31,000	...	1,42,47,000	35,45,000	**2,77,92,000**	2,77,92,000	...	+ 1,14,61,000
12,76,000	12,76 000	...	8,78,000	5,00,000	**13,78,000**	13,78,000	...	+ 1,02,000
1,76,07,000	1,76,07,000	...	2,51,25,000	40,45,000	**2,91,70,000**	2,91,70,000	...	+ 1,15,63,000
24,15,000	24,15,000	...	30,00,000	...	**30,00 000**	30,00,000	...	+ 5,85,000
13,80,000	13,80,000	...	15,32,000	...	**15,32,000**	15,32,000	...	+ 1,52,000
2,14,02,000	2,14,02,000	...	2,96,57,000	40,45,000	**3,37,02,000**	3,37,02,000	...	+ 1,23,00,000
...	—1,70,57,000	+ 1,70,57,000	...	...	...	—1,72,55 000	+ 1,72,55,000	...
1,94,54,26,000	1,31,69,30,000	62,84,96,000	2,02,94,74,000	2,79 41,000	**2,05,74,15,000**	1,35,10,35,000	70,63,80,000	+ 11,19,89,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1919-1920.					BUDGET	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	R	R	R	R	R	R	R
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	2,23,96,206	...	**2,23,96,206**	1,66,02,026	57,94,180	1,45,73,000	...
2.—Assignments and Compensations	1,97,18,839	...	**1,97,18,839**	90,03,245	1,07,15,594	2,03,18,000	...
Charges in respect of Collection, *viz.* :—							
3.—Land Revenue	6,44,24,129	25,420	**6,44,49,549**	43,22,475	6,01,27,074	7,76,65,000	16,000
4.—Opium (including cost of Production)	1,29,60 982	24,600	**1,29 85,582**	1,29.85,582	...	1 74,08.000	27,000
5.—Salt (including cost of Production)	80,87,014	15.470	**81,02,484**	8 .02,484	...	1,15,10,000	16,000
6.—Stamps	11,98,408	18,10,200	**30,08,608**	15,96,168	14,12,440	11 89,000	11,00,000
7.—Excise	91,45,025	8,180	**91,53,205**	26,50,344	65,02,861	1,08,83,000	5,000
9.—Customs	46,67,070	3,460	**46,70.530**	46,70,530	...	58,00,000	2,000
10.—Income Tax	15,27,269	...	**15,27,269**	8,16.247	7 11,022	20.04,000	...
11.—Forest	3,17.77,579	2,21,330	**3,19,98,909**	25,85,650	2,94,13.259	3,63.93,000	3,55,000
12.—Registration	48,76,151	...	**48,76,151**	42,042	48,34,109	50,27,000	...
TOTAL	18,07,78,672	21,08,660	**18,28,87,332**	6,33,76,793	11,95,10,539	20,30,70,000	15,21,000
Interest—							
13.—Interest on Debt	15,65,79,916	7,58,22,820	**23,24,02,736**	21,64,09,230	1,59,93,506	15,65,00,000	7,23,94,000
Deduct—Amounts chargeable to Railways	*7,63,56,062*	*3,67,30,270*	***11,30,86,332***	*11,30,86,332*	...	*9,24,39,000*	*3,75,69,000*
„ Amounts chargeable to Irrigation	*2,16,12,154*	*12,50,980*	***2,28,63,134***	*1,16,35,525*	*1,12,27,609*	*2,25,17,000*	*12,67,000*
Remainder chargeable on Ordinary Debt	5,86,11,700	3,78,41,570	**9,64,53,270**	9,16,87,373	47,65,897	4,15,44,000	3,35,68,000
14.—Interest on other obligations	1,87,11,138	...	**1,87,11,138**	1,87,11,138	...	2,01,45,000	...
TOTAL	7,73,22,838	3,78,41,570	**11,51,64,408**	11,03,98,511	47,65,897	6,16,89,000	3,35,68,000
15.—Posts and Telegraphs	6,27,27,246	57,44,280	**6,84,71,526**	6,84,71,526	...	7,33,50,000	1,18,35,000
17.—Mint	42,80,774	5,73,540	**48,54,314**	48,54,314	...	29,30,000	6,28,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	2,98,21,971	61,94,480	**3,60,16,451**	1,99,23,764	1,60,92,687	3,12,25,000	74,27,000
19.—Law and Justice { Courts	5,58,29.446	39,890	**5,58,69,336**	13,25,247	5,45,44,089	5,74,77,000	26,000
19.—Law and Justice { Jails	2,31,88,918	1,31,840	**2,33,20,758**	30,57,936	2,02,62,822	2,18,57,000	...
20.—Police	10,27,36,735	9,880	**10,27,46,615**	71,46,863	9,55,99,752	10,42,48,000	28,000
21.—Ports and Pilotage	46,26,058	2,840	**46,28,898**	2,840	46,26,058	39,30,000	3,000
22.—Education	6,83,64,675	1,58,360	**6,85,23,035**	23,37,493	6,61 85,542	8,36,57,000	1,30,000
23.—Ecclesiastical	20,14,378	1,550	**20,15,928**	20,15,928	...	22,10,000	4,000
24A.—Medical	1,98,72,397	1,59,760	**2,00,32,157**	17,66,151	1,82,66,006	2,50,52,000	1,66,000
24B.—Sanitation	1,20,16,761	45,440	**1,20,62,201**	21,33,127	99,29,074	2,01,22,000	20,000
25.—Political	3,12,84,156	3,82,080	**3,16,66,236**	2,85,56,118	31,10,118	2,79.78,000	3,02,000
26A.—Agriculture	1,39,07,325	30,180	**1,39,37,505**	14,97,564	1,24,39,941	1,95,76,000	1,02,000
26B.—Scientific and Miscellaneous Departments	1,21,53,132	4,27,740	**1,25,80,872**	77,41,498	48,39,374	1,40,64,000	3,68,000
TOTAL	37,58,15,952	75,84,040	**38,33,99,992**	7,75,04,529	30,58,95,463	41,13,96,000	85,76,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	28,42,499	1,78,110	**30,20,609**	30,20,609	...	29,23,000	1,11,000
28.—Civil Furlough and Absentee Allowances	75,537	57 69,710	**58,45,247**	58,45,247	...	48,000	1,10,00,000
29.—Superannuation Allowances and Pensions	2,46,75.894	2,04,74,050	**4,51,49,944**	2,26,26,578	2,25,23,366	2,54,53,000	2,30,20,000
30.—Stationery and Printing	1,63,21,403	18,81,770	**1,82,03,173**	80,81,714	1,01,21,459	1,47,15,000	13,45,000
31.—Exchange	...	...	...	...	...	...	...
32.—Miscellaneous	97,28,740	13,64,970	**1,10,93,710**	49,15,432	61,78,278	3,20,42,000	5,50.000
TOTAL	5,36,44,073	2,96.68,610	**8,33,12,683**	4,44,89,580	3,88,23,103	7,51,82,000	3,60,26,000
Famine Relief and Insurance—							
33.—Famine Relief	1,17,46,559	...	**1,17,46,559**	88,18,209	29,28,350	2,92,000	...
34.—Construction of Protective Railways	...	...	...	...	...	...	...
35.—Construction of Protective Irrigation Works	52,79,787	49,580	**53,29,367**	53,29,367	...	51,18,000	1,88,000
36.—Reduction or Avoidance of Debt	...	...	...	...	...	94,02,000	...
TOTAL	1,70,26,346	49,580	**1,70,75,926**	1,41,47,576	29,28,350	1,48,12,000	1,88,000
Carried over	77,15,95,901	8,35,70,280	**85,51,66,181**	38,32,42,829	47,19,23,352	84,24,29,000	9,23,42,000

Revenues of India, in India and in England.

ESTIMATE, 1920-1921.			REVISED ESTIMATE, 1920-1921.					Increase + Decrease — as compared with Budget Estimate, 1920-1921.
Total.	Distribution of Total between		India.	England.	Total.	Distribution of Total between		
	Imperial.	Provincial.				Imperial.	Provincial.	
R	R	R	R		R	R	R	R
1,45,73,000	1,11,40,000	34,33,000	3,15,23,000	...	3,15,23,000	2,33,62,000	81,61,000	+1,69,50,000
2,06,18,000	86,90,000	1,19,28,000	2,05,84,000	...	2,05,84,000	86,67,000	1,19,17,000	—34,000
7,76,81,000	43,97,000	7,32,84,000	8,24,20,000	30,000	8,24,50,000	46,59,000	7,77,91,000	+47,69,000
1,74,35,000	1,74,35,000	...	1,22,10,000	10,000	1,22,20,000	1,22,20,000	...	—52,15,000
1,15,26,000	1,15,26,000	...	85,46,000	55,000	86,01,000	86,01,000	...	—29,25,000
22,89,000	8,66,000	14,23,000	17,53,000	36,00,000	53,53,000	39,59,000	13,94,000	+30,64,000
1,08,88,000	26,75,000	82,13,000	1,20,82,000	9,000	1,20,91,000	29,58,000	91,33,000	+13,03,000
58,02,000	58,02,000	...	56,59,000	14,000	56,73,000	56,73,000	...	—1,29,000
20,04,000	10,49,000	9,55,000	22,39,000	13,000	22,52,000	11,82,000	10,70,000	+2,48,000
3,67,48,000	36,02,000	3,31,46,000	3,55,40,000	9,17,000	3,64,57,000	38,92,000	3,25,65,000	—2,91,000
59,27,000	35,000	49,92,000	59,53,000	...	59,53,000	49,000	59,04,000	+9,26,000
20,45,91,000	6,72,17,000	13,73,74,000	21,85,09,000	46,48,000	22,31,57,000	7,52,22,000	14,79,35,000	+1,85,66,000
22,88,94,000	21,23,56,000	1,65,38,000	18,15,86,000	7,23,64,000	25,39,50,000	23,66,83,000	1,72,67,000	+2,50,56,000
13,00,08,000	*13,00,08,000*	...	*9,92,54,000*	*3,77,47,000*	*13,70,01,000*	*13,70,01,000*	...	—69,93,000
2,37,74,000	*1,23,67,000*	*1,14,07,000*	*2,28,21,000*	*12,57,000*	*2,40,78,000*	*1,26,09,000*	*1,14,69,000*	— 3,04,000
7,51,12,000	6,99,81,000	51,31,000	5,95,11,000	3,33,60,000	9,28,71,000	8,70,73,000	57,98,000	+1,77,59,000
2,01,45,000	2,01,45,000	...	2,36,40,000	...	2,36,40,000	2,36,40,000	...	+34,95,000
9,52,57,000	9,01,26,000	51,31,000	8,31,51,000	3,33,60,000	11,65,11,000	11,07,13,000	57,98,000	+2,12,54,000
8,51,85,000	8,51,85,000	...	8,86,44,000	1,02,18,000	9,88,62,000	9,88,62,000	...	+1,36,77,000
35,58,000	35,58,000	...	23,72,000	6,26,000	29,98,000	29,93,000	...	—5,60,000
3,86,52,000	2,21,47,000	1,65,05,000	3,72,57,000	1,14,71,000	4,87,28,000	2,85,23,000	2,02,05,000	+1,00,76,000
5,75,03,000	12,40,000	5,62,63,000	6,77,81,000	25,000	6,78,06,000	14,87,000	6,63,19,000	+1,03,03,000
2,18,57,000	29,86,000	1,88,71,000	2,47,82,000	...	2,47,82,000	36,34,000	2,11,48,000	+29,25,000
10,42,76,000	60,98,000	9,81,78,000	12,07,16,000	61,000	12,07,77,000	79,34,000	11,28,43,000	+1,65,01,000
39,33,000	3,000	39,30,000	43,53,000	3,000	43,56,000	3,000	43,53,000	+4,23,000
8,37,87,000	56,71,000	7,81,16,000	7,69,58,000	2,23,000	7,71,81,000	26,49,000	7,45,32,000	—66,06,000
22,14,000	22,14,000	...	25,64,000	7,000	25,71,000	25,71,000	...	+3,57,000
2,52,18,000	19,33,000	2,32,85,000	2,48,77,000	3,08,000	2,51,85,000	24,43,000	2,27,42,000	—33,000
2,01,42,000	33,74,000	1,67,68,000	1,28,13,000	50,000	1,28,63,000	29,08,000	99,55,000	—72,79,000
2,82,50,000	2,48,87,000	33,93,000	3,16,77,000	4,69,000	3,21,46,000	2,85,66,000	35,80,000	+38,66,000
1,96,78,000	21,68,000	1,75,10,000	1,65,26,000	79,000	1,66,05,000	18,26,000	1,47,79,000	—30,73,000
1,44,82,000	85,37,000	59,05,000	1,41,27,000	9,86,000	1,51,13,000	1,00,71,000	50,42,000	+6,81,000
41,99,72,000	8,12,48,000	33,87,24,000	43,44,31,000	1,36,82,000	44,81,13,000	9,26,15,000	35,54,98,000	+2,81,41,000
30,34,000	30,34,000	...	28,15,000	1,06,000	29,21,000	29,21,000	...	—1,13,000
1,10,42,000	1,10,48,000	...	2,05,000	1,07,50,000	1,09,55,000	1,09,55,000	...	—93,000
4,84,73,000	2,49,70,000	2,35,03,000	2,66,86,000	2,10,35,000	4,77,21,000	2,33,08,000	2,44,13,000	—7,52,000
1,60,61,000	66,55,000	94,06,000	1,79,99,000	28,04,000	2,08,03,000	91,35,000	1,16,68,000	+47,42,000
..	...	..	2,63,30,000	...	2,63,30,000	2,63,30,000	..	+2,63,30,000
3,25,92,000	89,29,000	2,36,63,000	1,36,58,000	8,84,000	1,45,42,000	85,44,000	59,98,000	—1,80,50,000
11,12,08,000	5,46,36,000	5,65,72,000	8,76,93,000	3,55,79,000	12,32,72,000	8,11,93,000	4,20,79,000	+1,20,64,000
2,92,000	2,19,000	73,000	36,85,000	...	36,85,000	27,68,000	9,17,000	+33,93,000
...	...	...	...	...	...	..	...	...
53,06,000	53,06,000	...	59,80,000	1,28,000	61,08,000	61,08,000	...	+8,02,000
94,02,000	94,02,000	...	52,07,000	...	52,07,000	52,07,000	...	—41,95,000
1,50,00,000	1,49,27,000	73,000	1,48,72,000	1,28,000	1,50,00,000	1,40,83,000	9,17,000	...
93,47,71,000	39,68,97,000	53,78,74,000	92,96,72,000	9,82,41,000	1,02,79,13,000	47,56,86,000	55,22,27,000	+9,31,42,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1919-1920.					BUDGET	
	India.	England.	Total.	Distribution of Total between		India.	England.
				Imperial.	Provincial.		
	₹	₹	₹	₹	₹	₹	₹
Brought forward	77,15,95,901	8,35,70,280	**85,51,66,181**	38,32,42,829	47,19,23,352	84,24,29,000	9,23,42,000
Railways—							
38.—State Railways: Interest on Debt	7,63,56,062	3,67,30,270	**11,30,86,332**	11,30,86,332	...	9,24,39,000	3,75,69,000
Interest on Capital contributed by Companies	6,80,108	2,09,72,470	**2,16,52,578**	2,16,52,578	...	8,53,000	2,15,35,000
Annuities in purchase of Railways	...	3,35,75,590	**3,35,75,590**	3,35,75,590	...	...	3,35,76,000
Sinking Funds	...	25,57,070	**25,57,070**	25,57,070	...	...	27,04,000
40.—Subsidised Companies: Land, etc.	3,72,085	...	**3,72,085**	3,61,973	10,112	5,17,000	...
41.—Miscellaneous Railway Expenditure	80,65,416	...	**80,65,416**	80,64,357	1,059	12,01,000	9,30,000
Total	8,54,73,671	9,38,35,400	**17,93,09,071**	17,92,97,900	11,171	9,50,10,000	9,63,14,000
Irrigation—							
42.—Major Works: Working Expenses	2,34,80,105	160	**2,34,80,265**	1,15,47,459	1,19,32,806	2,20,53,000	...
Interest on Debt	2,16,12,154	12,50,980	**2,28,63,134**	1,16,35,525	1,12,27,609	2,25,17,000	12,57,000
43.—Minor Works and Navigation	1,71,43,788	380	**1,71,44,168**	58,08,103	1,13,36,065	2,00,28,000	...
Total	6,22,36,047	12,51,520	**6,34,87,567**	2,89,91,087	3,44,96,480	6,45,98,000	12,57,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	1,04,249	...	**1,04,249**	...	1,04,249	60,000	...
45.—Civil Works	10,50,47,895	12,19,400	**10,62,67,295**	1,61,56,018	9,01,11,277	13,57,04,000	5,32,000
Total	10,51,52,144	12,19,400	**10,63,71,544**	1,61,56,018	9,02,15,526	13,57,64,000	5,32,000
Military Services—							
46.—Army: Effective	71,34,47,549	3,56,32,040	**74,90,79,589**	74,90,79,589	...	39,42,68,000	6,20,84,000
Non-Effective	1,81,77,280	2,98,31,600	**4,80,08,880**	4,80,08,880	...	2,91,05,000	3,09,71,000
	73,16,24,829	6,54,63,640	**79,70,88,469**	79,70,88,469	....	42,33,73,000	9,30,55,000
46A.—Marine	72,40,320	88,96,550	**1,61,36,870**	1,61,36,870	...	74,28,000	49,30,000
47.—Military Works	5,81,30,914	11,76,090	**5,93,07,004**	5,93,07,004	...	4,32,75,000	11,50,000
Total	79,69,96,063	7,55,36,280	**87,25,32,343**	87,25,32,343	...	47,40,76,000	9,91,44,000
Appropriation from Revenue for meeting deficiency in Paper Currency Reserve	...	...	...	...	...	8,75,00,000	...
Adjustment on account of the difference in exchange due to the adoption of the 2*s.* basis for conversion	10,89,57,445	...	**10,89,57,445**	10,89,57,445	...	...	...
Total Expenditure, Imperial and Provincial	1,93,04,11,271	25,54,12,880	**2,18,58,24,151**	1,58,91,77,622	59,66,46,529	1,69,93,77,000	28,95,89,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	1,10,68,419	...	**1,10,68,419**	...	1,10,68,419	...	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	*42,53,421*	...	***42,53,421***	...	*42,53,421*	*6,16,65,000*	...
Total Expenditure charged to Revenue	1,93,72,26,269	25,54,12,880	**2,19,26,39,149**	1,58,91,77,622	60,34,61,527	1,63,77,12,000	28,95,89,000

Revenues of India, in India and in England—*continued.*

ESTIMATE, 1920-1921.			REVISED ESTIMATE, 1920-1921.					Increase + Decrease — as compared with Budget Estimate, 1920-1921.
Total.	Distribution of Total between		India.	England.	Total.	Distribution of Total between		
	Imperial.	Provincial.				Imperial.	Provincial.	
₹	₹	₹	₹	₹	₹	₹	₹	₹
93,47,71,000	39,68,97,000	53,78,74,000	92,96,72,000	9,82,41,000	**1,02,79,13,000**	47,56,86,000	55,22,27,000	+9,31,42,000
13,00,08,000	13,00,08,000	...	10,46,46,000	3,77,47,000	**14,23,93,000**(a)	14,23,93,000	...	+1,23,85,000
2,23,88,000	2,23,88,000	...	32,72,000	2,11,51,000	**2,44,23,000**	2,44,23,000	...	+20,35,000
3,35,76,000	3,35,76,000	...	47,96,000	3,35,75,000	**3,83,71,000**	3,83,71,000	...	+47,95,000
27,04,000	27,04,000	...	3,87,000	27,09,000	**30,96,000**	30,96,000	...	+3,92,000
5,17,000	5,00,000	17,000	6,36,000	...	**6,36,000**	6,21,000	15,000	+1,19,000
21,31,000	21,30,000	1,000	21,32,000	14,49,000	**35,81,000**	34,80,000	1,01,000	+14,50,000
19,13,24,000	19,13,06,000	18,000	11,58,69,000	9,66,31,000	**21,25,00,000**	21,23,84,000	1,16,000	+2,11,76,000
2,20,53,000	1,07,70,000	1,12,83,000	2,60,53,000	23,000	**2,60,76,000**	1,26,12,000	1,34,64,000	+40,23,000
2,37,74,000	1,23,67,000	1,14,07,000	2,30,01,000	12,57,000	**2,42,58,000**(a)	1,27,89,000	1,14,69,000	+4,84,000
2,00,28,000	62,28,000	1,38,00,000	1,98,11,000	1,000	**1,98,12,000**	52,83,000	1,45,29,000	—2,16,000
6,58,55,000	2,93,65,000	3,64,90,000	6,88,65,000	12,81,000	**7,01,46,000**	3,06,84,000	3,94,62,000	+42,91,000
60,000	...	60,000	23,10,000	...	**23,10,000**	...	23,10,000	+22,50,000
13,62,36,000	2,05,17,000	11,57,19,000	11,94,03,000	1,38,000	**11,95,41,000**	1,79,28,000	10,16,13,000	—1,66,95,000
13,62,96,000	2,05,17,000	11,57,79,000	12,17,13,000	1,38,000	**12,18,51,000**	1,79,28,000	10,39,23,000	—1,44,45,000
45,63,52,000	45,63,52,000	...	53,63,35,000	7,85,79,000	**61,49,14,000**	61,49,14,000	...	+15,85,62,000
6,00,76,000	6,00,76,000	...	2,38,63,000	3,24,51,000	**5,63,14,000**	5,63,14,000	...	—37,62,000
51,64,28,000	51,64,28,000	...	56,01,98,000	11,10,30,000	**67,12,28,000**	67,12,28,000	...	+15,48,00,000
1,23,67,000	1,23,67,000	...	62,61,000	57,31,000	**1,19,92,000**	1,19,92,000	...	—3,75,000
4,44,25,000	4,44,25,000	...	5,89,16,000	15,43,000	**6,04,59,000**	6,04,59,000	...	+1,60,34,000
57,32,20,000	57,32,20,000	...	62,53,75,000	11,83,04,000	**74,36,79,000**	74,36,79,000	...	+17,04,59,000
8,75,00,000	8,75,00,000	...	...	...	...	...	...	—8,75,00,000
...	...	...	...	...	...	...	...	...
1,98,89,66,000	1,29,88,05,000	69,01,61,000	1,86,14,94,000	31,45,95,000	**2,17,60,89,000**	1,48,03,61,000	69,57,28,000	+18,71,23,000
...	...	...	8,20,64,000	...	**8,20,64,000**	...	8,20,64,000	+8,20,64,000
6,16,65,000	...	*6,16,65,000*	*7,14,12,000*	...	***7,14,12,000***	...	*7,14,12,000*	—97,47,000
1,92,73,01,000	1,29,88,05,000	62,84,96,000	1,87,21,46,000	31,45,95,000	**2,18,67,41,000**	1,48,03,61,000	70,63,80,000	+25,94,40,000

(a) Difference between these figures and the corresponding deductions under "18.—Interest on Debt" represents an adjustment for exchange.

C.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1919-20.	Revised, 1920-21.
	R	R
Madras—		
Balance on April 1st	2,10,28,558	2,05,93,000
Special grants from Imperial revenues	38,35,000	35,85,000
Other revenue	9,39,15,823	9,39,71,000
Total Revenue including transfers from Imperial revenues	9,77,50,823	9,75,56,000
Total Expenditure	9,81,86,610	11,51,22,000
Closing Balance	2,05,92,771	30,27,000
Bombay—		
Balance on April 1st	4,40,69,895	4,43,95,000
Special grants from Imperial revenues	33,68,200	29,42,000
Other revenue	10,91,18,641	11,17,22,000
Total Revenue including transfers from Imperial revenues	11,24,86,841	11,46,64,000
Total Expenditure	11,21,62,033	12,78,65,000
Closing Balance	4,43,94,703	3,11,94,000
Bengal—		
Balance on April 1st	3,72,00,545	4,19,98,000
Special grants from Imperial revenues	50,53,900	53,50,000
Other revenue	7,91,61,812	7,76,01,000
Total Revenue including transfers from Imperial revenues	8,42,15,712	8,29,51,000
Total Expenditure	7,94,18,580	9,12,70,000
Closing Balance	4,19,97,677	3,36,79,000
United Provinces—		
Balance on April 1st	2,52,55,883	2,20,87,000
Special grants from Imperial revenues	36,77,500	34,35,000
Other revenue	7,89,11,196	8,24,52,000
Total Revenue including transfers from Imperial revenues	8,25,88,696	8,58,87,000
Total Expenditure	8,57,57,224	9,97,27,000
Closing Balance	2,20,87,355	82,47,000
Punjab—		
Balance on April 1st	2,30,95,145	2,59,64,000
Special grants from Imperial revenues	22,14,900	19,81,000
Other revenue	6,37,79,739	6,60,37,000
Total Revenue including transfers from Imperial revenues	6,59,94,639	6,80,18,000
Total Expenditure	6,31,25,377	7,42,89,000
Closing Balance	2,59,64,407	1,96,93,000
Burma—		
Balance on April 1st	1,31,98,497	1,43,67,000
Special grants from Imperial revenues	17,93,800	15,29,000
Rice Profits	...	9,25,26,000
Other revenue	6,59,42,112	7,16,10,000
Total Revenue including transfers from Imperial revenues	6,77,35,912	16,56,65,000
Total Expenditure	6,65,66,927	8,37,21,000
Closing Balance	1,43,67,482	9,63,11,000
Bihar and Orissa—		
Balance on April 1st	1,52,91,664	1,46,43,000
Special grants from Imperial revenues	25,63,500	25,95,000
Other revenue	3,38,43,109	3,56,66,000
Total Revenue including transfers from Imperial revenues	3,64,06,609	3,82,61,000
Total Expenditure	3,70,55,715	4,22,64,000
Closing Balance	1,46,42,558	1,06,40,000
Central Provinces—		
Balance on April 1st	1,27,05,222	1,33,18,000
Special grants from Imperial revenues	13,42,500	13,11,000
Other revenue	3,61,42,026	3,27,05,000
Total Revenue including transfers from Imperial revenues	3,74,84,526	3,40,16,000
Total Expenditure	3,68,71,721	4,22,28,000
Closing Balance	1,33,18,027	51,06,000
Assam—		
Balance on April 1st	44,12,600	57,08,000
Special grants from Imperial revenues	6,77,500	6,63,000
Other revenue	1,81,20,269	1,86,99,000
Total Revenue including transfers from Imperial revenues	1,87,97,769	1,93,62,000
Total Expenditure	1,75,02,342	1,92,42,000
Closing Balance	57,08,027	58,28,000
Total—		
Balance on April 1st	19,62,58,009	20,30,73,000
Special grants from Imperial revenues	2,45,26,800	2,33,91,000
Rice Profits credited to the Provincial revenues of Burma	...	9,25,26,000
Other revenue	57,89,34,727	59,04,63,000
Total Revenue including transfers from Imperial revenues	60,34,61,527	70,63,80,000
Total Expenditure	59,66,46,529	69,57,28,000
Closing Balance	20,30,73,007	21,37,25,000

D. DEWAR,
Auditor General.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 31, 1921.

D.—Abstract Statement of the Net Revenue and Net Expenditure of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.	ACCOUNTS, 1919-1920.					REVISED ESTIMATE, 1920-1921.	
		EXPENDITURE.					
	Revenue.	Refunds and Assignments.	Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
Revenue Heads.	R	R	R	R	R	R	R
Principal Heads of Revenue — Land Revenue (excluding that due to Irrigation)	33,91,49,146	1,17,89,402	6,44,49,549	26,29,10,195		23,15,30,000	
Opium	4,55,62,212	54,084	1,29,85,582	3,25,22,546		2,39,57,000	
Salt	5,74,79,319	48,41,857	81,02,484	4,45,34,978		4,88,93,000	
Stamps	10,91,17,665	12,05,392	30,08,608	10,49,03,665		10,60,95,000	
Excise	19,25,94,029	26,40,461	91,53,205	18,08,00,363		18,62,68,000	
Provincial Rates	5,34,730	3,132	...	5,31,598		6,10,000	
Customs	22,48,32,802	1,03,78,081	46,70,530	20,97,84,191		31,78,71,000	
Income Tax	23,20,78,443	77,37,263	15,27,269	22,28,13,911		19,55,26,000	
Forest	5,36,75,794	3,41,343	3,19,98,909	2,13,35,542		2,02,22,000	
Registration	1,08,54,940	22,148	48,76,151	59,56,641		55,44,000	
Tributes	93,28,825	31,01,882	...	62,26,943		61,14,000	
TOTAL	1,27,52,07,905	4,21,15,045	14,07,72,287	1,09,23,20,573		1,14,26,30,000	
Total deduction from Revenue		18,28,87,332					
Expenditure Heads.							
Debt Services — Interest	5,05,86,915	11,51,64,408		...	6,45,77,493		7,95,36,000
Commercial Services — Posts and Telegraphs	9,20,39,509	6,84,71,526		2,35,67,983			4,76,000
Commercial Services — Railways	31,83,58,664	17,93,09,071		13,90,49,593		4,53,87,000	
Commercial Services — Irrigation	8,74,93,023	6,34,87,567		2,40,05,456		2,28,29,000	
Other Public Works — Civil Works, etc.	55,49,014	10,63,71,544			10,08,22,530		11,49,87,000
Mint — Mint	2,67,99,113	48,54,314		2,19,44,799		40,92,000	
Civil Departments — Civil Departments	3,39,49,397	38,33,99,992			34,94,50,595		41,31,30,000
Miscellaneous Civil Services — Superannuation	32,17,017	4,51,49,944			4,19,32,927		4,44,54,000
Miscellaneous Civil Services — Exchange	...	...					2,63,30,000
Miscellaneous Civil Services — Miscellaneous	2,18,67,357	1,10,93,710		1,07,73,647		10,27,83,000	
Miscellaneous Civil Services — Other heads	19,90,165	2,70,69,029			2,50,78,864		3,25,05,000
Famine Relief and Insurance — Famine Relief	...	1,17,46,559			1,17,46,559		36,85,000
Famine Relief and Insurance — Other heads	...	53,29,367			53,29,367		1,13,15,000
Military Services — Army — Effective	3,19,58,553	74,90,79,589			71,71,21,036		58,71,22,000
Military Services — Army — Non-effective	13,93,938	4,80,08,880			4,66,14,942		5,49,36,000
Military Services — Marine	40,72,325	1,61,36,870			1,20,64,545		89,92,000
Military Services — Military works	16,27,429	5,93,07,004			5,76,79,575		5,89,27,000
TOTAL	1,95,61,10,324	2,07,68,66,706			12,07,56,382		11,86,74,000
Provincial Adjustment — Surplus	...	68,14,998			68,14,998		1,06,52,000
Provincial Adjustment — Deficit	...	...					
Adjustment on account of the difference in exchange due to the adoption of 2s. basis for conversion	...	10,89,57,445			10,89,57,445		
TOTAL	1,95,61,10,324	2,19,26,39,149					
Surplus					...		...
Deficit					23,65,28,825		12,93,26,000

D. DEWAR,
Auditor General.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 31, 1921.

BUDGET

OF THE

GOVERNMENT OF INDIA,

MARCH 1921.

PART II.

ACCOUNTS	1919-20
REVISED ESTIMATES	1920-21
BUDGET ESTIMATES	1921-22

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.
		R	R	R
Revenue—				
Principal Heads of Revenue—				
Customs	A.	21,46,69,935	32,37,80,000	37,73,28,000
Taxes on Income	„	22,43,41,180	19,77,78,000	18,58,07,000
Salt	„	5,70,83,914	6,14,93,000	7,00,66,000
Opium	„	4,55,61,793	3,62,31,000	3,72,85,000
Other Heads	„	2,28,51,068	2,34,01,000	2,44,80,000
TOTAL PRINCIPAL HEADS		56,45,07,890	64,26,83,000	69,49,66,000
Railways: Net Receipts	„	31,76,99,344	25,69,32,000	27,25,63,000
Irrigation: Net Receipts	„	4,77,574	4,23,000	4,24,000
Posts and Telegraphs: Net Receipts	„	2,95,81,944	1,68,64,000	2,08,74,000
Debt Services	„	4,22,99,265	3,74,30,000	3,49,09,000
Civil Administration	„	62,16,507	75,08,000	76,35,000
Currency, Mint and Exchange	„	5,71,29,369	2,86,06,000	49,73,000
Buildings, Roads and Miscellaneous Public Improvements	„	10,04,444	11,42,000	10,38,000
Miscellaneous	„	1,74,58,075	2,13,00,000	7,52,76,000
Military Receipts	„	3,90,52,245	3,37,02,000	4,11,10,000
Contributions and Assignments to the Central Government by Provincial Governments	„	9,83,00,000	9,83,00,000	12,93,75,000
TOTAL REVENUE		1,17,37,26,657	1,14,48,90,000	1,28,31,43,000
Deficit		20,81,89,830	20,45,79,000	...
TOTAL		1,38,19,16,487	1,34,94,69,000	1,28,31,43,000

D. DEWAR,
Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 31, 1921.

Revenue of the Central Government, in India and in England.

	For details, *vide* State-ment.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.
		R	R	R
Expenditure—				
Direct Demands on the Revenues	B.	3,50,93,737	3,90,86,000	4,93,51,000
Railways: Interest and Miscellaneous Charges	„	17,95,97,900	21,13,94,000	23,17,13,000
Irrigation	„	18,18,368	11,97,000	11,76,000
Posts and Telegraphs Capital Account	„	60,13,961	1,73,40,000	98,02,000
Debt Services	„	13,58,92,647	13,77,38,000	13,08,61,000
Civil Administration	„	8,00,04,809	9,18,96,000	8,43,18,000
Currency, Mint and Exchange	„	96,50,031	3,77,66,000	4,18,80,000
Buildings, Roads and Miscellaneous Public Improvements	„	1,49,89,301	1,78,15,000	1,51,11,000
Miscellaneous	„	3,99,99,390	4,52,34,000	4,24,37,000
Military Services	„	87,25,32,343	74,36,79,000	66,31,10,000
Miscellaneous adjustments between the Central and Provincial Governments	„	63,24,000	63,24,000	62,84,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,38,19,16,487	1,34,94,69,000	1,27,60,43,000
SURPLUS		...	...	71,00,000
TOTAL		1,38,19,16,487	1,34,94,69,000	1,28,31,43,000

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts. Accounts, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
		R	R	R
Surplus	C	...	...	71,00,000
Railway, Irrigation and other Capital not charged to Revenue—				
Capital contributed by Railway Companies and Indian States towards construction of State Railways	,,	—53,121	—7,03,000	3,99,34,000
Deposits of Branch line Companies (net)	,,	39,543	...	...
TOTAL CAPITAL ACCOUNT RECEIPTS	...	—13,578	—7,03,000	3,99,34,000
Debt, Deposits and Advances—				
Permanent Debt (net incurred)	,,	7,16,65,986	37,44,99,000	17,87,93,000
Temporary Debt (net incurred)	,,	1,74,04,531	23,07,33,000	...
Balances of Provincial Governments	,,	68,14,998	1,06,52,000	...
Unfunded Debt (net incurred)	,,	1,01,07,610	3,20,40,000	4,14,66,000
Deposits and Advances (net)	,,	42,68,45,437	...	14,17,18,000
Loans and Advances by Central Government (net Repayments)	,,	15,45,808	12,75,000	18,23,000
Remittances (net)	,,	...	...	7,50,31,000
Secretary of State's Bills drawn	,,	46,83,93,280	...	...
Sterling Transfers on London drawn	,,	36,81,60,000	30,98,80,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	1,37,09,37,650	95,90,79,000	43,88,34,000
TOTAL RECEIPTS	...	1,37,09,24,072	95,83,76,000	48,58,68,000
Opening Balance—India	...	25,95,03,870	26,47,59,962	16,37,18,962
England	...	22,07,37,405	11,99,73,930	6,00,18,930
TOTAL	...	1,85,11,65,347	1,34,31,09,892	70,96,05,892

D. DEWAR,
Auditor General.

DELHI,
FINANCE DEPARTMENT,
March 31, 1921.

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
		R	R	R
Deficit carried forward from Statement I in Part I	C	23,65,28,825	12,93,26,000	...
Railway, Irrigation and other Capital not charged to Revenue—				
Construction of State Railways	C	14,18,34,721	24,53,48,000	17,81,56,000
Capital outlay on Indian Postal and Telegraph Department	"	...	...	1,00,00,000
Construction of Irrigation Works	"	24,64,507	62,17,000	3,14,000
Initial expenditure on new Capital at Delhi	"	50,35,427	1,24,21,000	1,06,89,000
Bombay Development Scheme	"	...	57,18,000	...
Payments for discharge of Debentures (net)	"	67,95,000	49,20,000	3,99,34,000
Deposits of Branch line Companies (net)	"	...	2,95,000	1,53,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	15,61,29,655	27,49,19,000	23,92,46,000
Debt, Deposits and Advances—				
Permanent Debt (net discharged)	"	...	...	...
Temporary Debt (net discharged)	"	...	...	20,41,09,000
Balances of Provincial Governments (net)	"	...	...	5,71,41,000
Deposits and Advances (net)	"	...	31,86,03,000	...
Loans and Advances by Provincial Governments (net Advances)	"	1,20,08,275	5,65,28,000	...
Loans between Central and Provincial Governments (net Advances)	"	...	...	1,19,56,000
Remittances (net)	"	17,43,59,455	2,22,26,000	...
Secretary of State's Bills paid	"	46,83,93,280	...	...
Sterling Transfers on London paid	"	35,90,25,000	31,77,70,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES	...	1,01,37,86,010	71,51,27,000	27,32,66,000
TOTAL DISBURSEMENTS	...	1,40,64,44,490	1,11,93,72,000	51,25,12,000
Closing Balance—India	...	26,47,59,962	16,37,18,962	15,06,25,962
England	...	17,99,60,895	6,00,18,930	4,64,67,930
TOTAL	...	1,85,11,65,347	1,34,31,09,892	70,96,05,892

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

A.—Statement of the Revenue of the

HEADS OF REVENUE.	Accounts, 1919-20.			Revised Estimate,	
	India.	England.	Total.	India.	England.
	R	R	R	R	R
Principal Heads of Revenue—					
I.—Customs	21,46,69,935	...	**21,46,69,935**	32,37,80,000	...
II —Taxes on Income	22,43,41,180	...	**22,43,41,180**	19,77,78,000	...
III.—Salt	5,70,83,914	...	**5,70,83,914**	6,14,93,000	...
IV.—Opium	4,55,61,793	...	**4,55,61,793**	3,62,31,000	...
V —Land Revenue	40,31,021	...	**40,31,021**	41,65,000	...
VI.—Excise	53,83,898	...	**53,83,898**	57,41,000	...
VII.—Stamps—					
A. Non-judicial	8,40,008	...	**8,40,008**	10,08,000	...
B. Judicial	12,50,261	...	**12,50,261**	14,20,000	...
VIII.—Forest	22,93,983	...	**22,93,983**	19,04,000	...
IX.—Registration	1,49,752	...	**1,49,752**	1,65,000	...
X.—Tributes from Indian States	89,02,145	...	**89,02,145**	89,98,000	...
	56,45,07,890	...	**56,45,07,890**	64,26,83,000	...
Railways—					
XI.—State Railways—					
Gross Receipts	79,01,40,545	4,86,070	**79,06,26,615**	81,27,39,000	4,86,000
Deduct—Working Expenses	*45,45,55,861*	*6,53,620*	***45,52,09,481***	*54,12,85,000*	*8,60,000*
Surplus Profits paid to Companies	*2,00,92,140*	...	***2,00,92,140***	*1,68,34,000*	...
Net receipts	31,54,92,544	—1,67,550	**31,53,24,994**	25,46,20,000	—3,74,000
XII.—Subsidised Companies	1,93,470	21,80,880	**23,74,350**	5,44,000	21,42,000
	31,56,86,014	20,13,330	**31,76,99,344**	25,51,64,000	17,68,000
Irrigation—					
XIII.—Works for which capital accounts are kept	4,85,781	—9,210	**4,76,571**	4,93,000	—73,000
XIV.—Works for which no capital accounts are kept	1,003	...	**1,003**	3,000	...
	4,86,784	—9,210	**4,77,574**	4,96,000	—73,000
Posts and Telegraphs—					
XV.—Gross Receipts	9,19,95,299	10,52,270	**9,30,47,569**	9,82,94,000	15,01,000
Deduct—Working Expenses	*6,29,09,175*	*5,56,450*	***6,34,65,625***	*8,25,29,000*	*4,02,000*
Net Receipts	2,90,86,124	4,95,820	**2,95,81,944**	1,57,65,000	10,99,000
Debt Services—					
XVI.—Interest	3,49,37,325	73,61,940	**4,22,99,265**	3,52,99,000	21,31,000
Carried over	94,47,04,137	98,61,880	**95,45,66,017**	94,94,07,000	49,25,000

(*a*) Represents net receipts after deduction of R1,83,20,000 for refunds the whole of which is voted.
(*b*) Out of this, R47,70,000 is non-voted and the balance of R58,21,72,000 is voted.
(*c*) The whole of this amount is voted.

Central Government, in India and in England.

1920-21.	Budget Estimate, 1921-22.			Increase (+) Decrease (−) of Budget, 1921-22, as compared with Revised Estimate, 1920-21.
Total.	India.	England	Total.	
R	R	R	R	R
32,37,80,000	37,73,28,000	...	37,73,28,000	+5,35,48,000
19,77,78,000	18,58,07,000	...	18,58,07,000	−1,19,71,000
6,14,93,000	7,00,66,000	...	7,00,66,000	+85,73,000
3,62,31,000	3,72,85,000	...	3,72,85,000	+10,54,000
41,65,000	42,98,000	...	42,98,000	+1,33,000
57,41,000	57,36,000	...	57,36,000	−5,000
10,08,000	11,31,000	...	11,31,000	+1,23,000
14,20,000	14,79,000	...	14,79,000	+59,000
19,04,000	29,87,000	...	29,87,000	+10,83,000
1,65,000	1,53,000	...	1,53,000	−12,000
89,98,000	86,96,000	...	86,96,000	−3,02,000
64,26,83,000	69,49,66,000	...	69,49,66,000 (a)	+5,22,83,000
81,32,25,000	87,00,97,000	4,86,000	87,05,83,000	+5,73,58,000
54,21,45,000	*58,60,82,000*	*8,60,000*	*58,69,42,000* (b)	−4,47,97,000
1,68,34,000	*1,32,00,000*	...	*1,32,00,000* (c)	+36,34,000
25,12,46,000	27,08,15,000	−3,74,000	27,04,41,000	+1,61,95,000
26,86,000	5,62,000	15,60,000	21,22,000	−5,64,000
25,69,32,000	27,13,77,000	11,86,000	27,25,63,000	+1,56,31,000
4,20,000	4,78,000	−57,000	4,21,000 (d)	+1,000
3,000	3,000	...	3,000	...
4,23,000	4,81,000	−57,000	4,24,000	+1,000
9,97,95,000	10,83,19,000	11,65,000	10,94,84,000	+96,89,000
8,29,31,000	*8,82,55,000*	*3,55,000*	*8,86,10,000* (e)	−56,79,000
1,68,64,000	2,00,64,000	8,10,000	2,08,74,000	+40,10,000
3,74,30,000	3,36,97,000	12,12,000	3,49,09,000	−25,21,000
95,43,32,000	1,02,05,85,000	31,51,000	1,02,37,36,000	+6,94,04,000

(*d*) Represents net receipts after deduction of R13,25,000 for working expenses of which R57,000 is non-voted and the balance of R12,68,000 is voted.

(*e*) Out of this R18,10,000 is non-voted and R8,68,00,000 voted.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1919-20.			Revised Estimate,	
	India.	England.	Total.	India.	England.
	R	R	R	R	R
Brought forward	94,47,04,137	98,61,880	**95,45,66,017**	94,94,07,000	49,25,000
Civil Administration—					
XVII.—Administration of Justice	4,20,313	...	**4,20,313**	3,92,000	...
XVIII.—Jails and Convict Settlements	12,70,354	...	**12,70,354**	10,88,000	...
XIX.—Police	11, 4,677	...	**11, 4,677**	15,12,000	...
XX.—Ports and Pilotage	19,66,513	..	**19,66,513**	22,74,000	...
XXI.—Education	1,11,363	...	**1,11,363**	1,12,000	...
XXII.—Medical	26,141	1,460	**27,601**	35,000	2,000
XXIII.—Public Health	2,46,321	...	**2,46,321**	6,00,000	...
XXIV.—Agriculture	4,02,308	...	**4,02,308**	3,62,000	..
XXV.—Industries	...	..	...	3,00,000	...
XXVI.—Miscellaneous Departments	6,07,057	...	**6,07,057**	8,31,000	...
Total	62,15,047	1,460	**62,16,507**	75,06,000	2,000
Currency, Mint and Exchange—					
XXVII.—Currency	72,66,686	2,30,63,570	**3,03,30,256**	90,96,000	1,24,20,000
XXVIII.—Mint	2,67,98,523	590	**2,67,99,113**	70,89,000	1,000
XXIX.—Exchange	..	..	..	...	
Total	3,40,65,209	2,30,64,160	**5,71,29,369**	1,61,85,000	1,24,21,000
Buildings, Roads and Miscellaneous Public Improvements—					
XXX. Civil works	10,04,444	...	**10,04,444**	11,42,000	...
Total	10,04,444	...	**10,04,444**	11,42,000	...
Miscellaneous—					
XXXIII.—Receipts in aid of Superannuation	12,14,113	4,43,490	**16,57,603**	12,22,000	4,08,000
XXXIV.—Stationery and Printing	8,42,575	...	**8,42,575**	9,77,000	...
XXXV.—Miscellaneous	1, 9,85,977	9,71,920	**1,49,57,897**	1,24,79,000	62,14,000
Total	1,60,42,665	14,15,410	**1,74,58,075**	1,46,78,000	66,22,000
Military Receipts—					
XXXVI.—Army—					
Effective	2,94,18,603	25,39,950	**3,19,58,553**	2,42,47,000	35,45,000
Non-effective	9,90,028	4,03,910	**13,93,938**	8,78,000	5,00,000
	3,04,08,631	29,43,860	**3,33,52,491**	2,51,25,000	40,45,000
XXXVII.—Marine	40,72,325	...	**40,72,325**	30,00,000	...
XXXVIII.—Military Works	16,27,429	...	**16,27,429**	15,32,000	...
Total	3,61,08,385	29,43,860	**3,90,52,245**	2,96,57,000	40,45,000
Contributions and Assignments to the Central Government by Provincial Governments—					
XXXIX.—Contributions and assignments to the Central Government by Provincial Governments.	9,83,00,000	...	**9,83,00,000**	9,83,00,000	...
XL.—Miscellaneous adjustments between the Central and Provincial Governments.	...	...	...	...	...
Total	9,83,00,000	...	**9,83,00,000**	9,83,00,000	...
TOTAL REVENUE	1,13,64,39,887	3,72,86,770	**1,17,37,26,657**	1,11,68,75,000	2,8[illegible]15,000

Government, in India and England—*continued.*

1920-21.	Budget Estimate, 1921-22.			Increase (+) Decrease (—) of Budget, 1921-22, as compared with Revised Estimate, 1920-21.
Total.	India.	England.	Total.	
R	R	R	R	R
95,43,32,000	1,02,05,85,000	31,51,000	**1,02,37,36,000**	+ 6,94,04,000
3,92,000	3,85,000	...	**3,85,000**	— 7,000
10,88,000	10,90,000	...	**10,90,000**	+ 2,000
15,12,000	12,84,000	...	**12,84,000**	—2,28,000
22,74,000	23,43,000	...	**23,43,000**	+ 69,000
1,12,000	1,12,000	...	**1,12,000**	...
37,000	29,000	1,000	**30,000**	—7,000
6,06,000	5,97,000	...	**5,97,000**	— 3,000
3,62,000	3,75,000	...	**3,75,000**	+ 13,000
3,00,000	4,00,000	...	**4,00,000**	+ 1,00,000
8,31,000	10,19,000	...	**10,19,000**	+ 1,88,000
75,08,000	76,34,000	1,000	**76,35,000**	+ 1,27,000
2,15,16,000	2,14,000	...	**2,14,000**	— 2,13,02,000
70,90,000	47,59,000	...	**47,59,000**	— 23,31,000
...	...	...	...	...
2,86,06,000	49,73,000	...	**49,73,000**	— 2,36,33,000
11,42,000	10,38,000	...	**10,38,000**	— 1,04,000
11,42,000	10,38,000	...	**10,38,000**	— 1,04,000
16,30,000	13,71,000	3,89,000	**17,60,000**	+ 1,30,000
9,77,000	8,89,000	...	**8,89,000**	— 88,000
1,86,93,000	6,66,77,000	59,50,000	**7,26,27,000**	+ 5,39,34,000
2,13,00,000	6,89,37,000	63,39,000	**7,52,76,000**	+ 5,39,76,000
2,77,92,000	3,39,25,000	28,67,000	**3,67,92,000**	+ 90,00,000
13,78,000	8,75,000	5,00,000	**13,75,000**	— 3,000
2,91,70,000	3,48,00,000	33,67,000	**3,81,67,000**	+ 89,97,000
30,00,000	14,13,000	...	**14,13,000**	— 15,87,000
15,32,000	15,30,000	...	**15,30,000**	—2,000
3,37,02,000	3,77,43,000	33,67,000	**4,11,10,000**	+ 74,08,000
9,83,00,000	12,93,57,000	...	**12,93,57,000**	+ 3,10,57,000
...	18,000	...	**18,000**	+ 18,000
9,83,00,000	12,93,75,000	...	**12,93,75,000**	+ 3,10,75,000
1,14,48,90,000	1,27,02,85,000	1,28,58,000	**1,28,31,43,000**	+ 13,82,53,000

B.—Statement of the Expenditure charged to the Revenues

	ACCOUNTS, 1919-20.			REVISED ESTIMATE, 1920-21.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
	R	R	R	R	R	R
Direct Demands on the Revenues—						
1.—Customs	48,82,284	30,050	**49,12,334**	58,95,000	84,000	**59,79,000**
2.—Taxes on income	15,27,269	1,230	**15,28,499**	22,39,000	53,000	**22,92,000**
3.—Salt	1,25,33,466	51,730	**1,25,85,196**	1,25,45,000	1,05,000	**1,26,50,000**
4.—Opium	1,30,14,647	39,850	**1,30,54,497**	1,22,64,000	80,000	**1,23,44,000**
5.—Land Revenue	17,86,543	5,180	**17,91,723**	20,70,000	5,000	**20,75,000**
6.—Excise	2,04,300	...	**2,04,300**	2,50,000	...	**2,50,000**
7.—Stamps—						
A.—Non-judicial	—18,54,659	...	**—18,54,659**	—13,59,000	6,00,000	**—7,59,000**
B.—Judicial	2,28,185	...	**2,28,185**	3,24,000	...	**3,24,000**
8.—Forests	23,64,320	2,37,300	**26,01,620**	29,75,000	9,07,000	**38,82,000**
9.—Registration	42,042	...	**42,042**	49,000	...	**49,000**
TOTAL	3,47,28,397	3,65,340	**3,50,93,737**	3,72,52,000	18,34,000	**3,90,86,000**
Railway Revenue Account—						
10.—State Railways:						(a)
Interest on Debt	7,63,56,062	3,67,30,270	**11,30,86,332**	10,46,46,000	3,77,47,000	**14,23,93,000**
Interest on capital contributed by Companies	6,80,108	2,09,72,470	**2,16,52,578**	32,72,000	2,11,51,000	**2,44,23,000**
Annuities in purchase of Railways	...	3,35,75,590	**3,35,75,590**	47,96,000	3,35,75,000	**3,83,71,000**
Sinking Funds	...	25,57,070	**25,57,070**	3,87,000	27,09,000	**30,96,000**
11.—Subsidised Companies	3,61,973	...	**3,61,973**	6,21,000	...	**6,21,000**
12.—Miscellaneous Railway Expenditure	80,64,357	3,00,000	**83,64,357**	19,01,000	5,89,000	**24,90,000**
TOTAL	8,54,62,500	9,41,35,400	**17,95,97,900**	11,56,23,000	9,57,71,000	**21,13,94,000**
Irrigation Revenue Account—						
14.—Works for which capital accounts are kept—						
Interest on debt	8,83,915	50,000	**9,33,915**	9,16,000	51,000	**9,67,000**
15.—Miscellaneous Irrigation Expenditure	7,73,008	...	**7,73,008**	1,56,000	...	**1,56,000**
TOTAL	16,56,923	50,000	**17,06,923**	10,72,000	51,000	**11,23,000**
Irrigation Capital Account (charged to Revenue)—						
16.—Construction of Irrigation Works—						
Financed from ordinary revenues	1,11,445	...	**1,11,445**	74,000	...	**74,000**
TOTAL	1,11,445	...	**1,11,445**	74,000	...	**74,000**
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs	—1,81,929	61,95,890	**60,13,961**	61,15,000	1,12,25,000	**1,73,40,000**
Debt Services—						
19.—Interest on Ordinary Debt	14,92,79,916	6,96,21,840	**21,89,01,756**	17,35,40,000	6,61,58,000	**23,96,98,000**
Deduct—Amount chargeable to Railways	*7,63,56,062*	*3,67,30,270*	***11,30,86,332***	*9,92,54,000*	*3,77,47,000*	***13,70,01,000***
„ Amount chargeable to Irrigation	*8,83,915*	*50,000*	***9,33,915***	*9,09,000*	*51,000*	***9,60,000***
Remainder chargeable to Ordinary Debt	7,20,39,939	3,28,41,570	**10,48,81,509**	7,33,77,000	2,83,60,000	**10,17,37,000**
20.—Interest on other Obligations	1,87,11,138	...	**1,87,11,138**	2,36,40,000	...	**2,36,40,000**
21.—Sinking Funds	73,00,000	50,00,000	**1,23,00,000**	73,61,000	50,00,000	**1,23,61,000**
TOTAL	9,80,51,077	3,78,41,570	**13,58,92,647**	10,43,78,000	3,33,60,000	**13,77,38,000**
Carried over	21,98,28,413	13,85,88,200	**35,84,16,613**	26,45,14,000	14,22,41,000	**40,67,55,000**

of the Central Government, in India and England.

BUDGET ESTIMATE, 1921-22.					
India.	England.	Total.	Increase (+) Decrease (—) as compared with Revised, 1920-21.	Distribution of Total into voted and non-voted.	
				Included in demands for grants.	Not submitted to vote.
R	R	R	R	R	R
70,90,000	75,000	**71,65,000**	+11,36,000	66,22,000	5,43,000
29,96,000	39,000	**30,35,000**	+7,43,000	28,56,000	1,79,000
1,58,66,000	65,000	**1,59,31,000**	+32,81,000	1,18,12,000	41,19,000
1,51,79,000	75,000	**1,52,54,000**	+29,10,000	1,50,79,000	1,75,000
22,41,000	1,000	**22,42,000**	+1,67,000	19,89,000	2,53,000
2,44,000	...	**2,44,000**	—6,000	1,72,000	72,000
—8,19,000	20,04,000	**11,85,000**	+19,44,000	24,56,000	—9,62,000
3,09,000	...	**3,09,000**	—15,000		
35,60,000	3,77,000	**39,37,000**	+55,000	34,96,000	4,41,000
49,000	...	**49,000**	...	49,000	...
4,67,15,000	26,36,000	**4,93,51,000**	+1,02,65,000	4,45,31,000	48,20,000
11,94,05,000	3,86,66,000	**15,80,71,000** (a)	+1,56,78,000	77,33,000	15,03,38,000
46,72,000	2,18,61,000	**2,65,33,000**	+21,10,000	43,72,000	2,21,61,000
67,15,000	3,35,75,000	**4,02,90,000**	+19,19,000	67,15,000	3,35,75,000
5,79,000	28,94,000	**34,73,000**	+3,77,000	5,79,000	28,94,000
6,00,000	...	**6,00,000**	—21,000	6,00,000	...
20,33,000	7,13,000	**27,46,000**	+2,56,000	14,90,000	12,56,000
13,40,04,000	9,77,09,000	**23,17,13,000**	+2,03,19,000	2,14,89,000	21,02,24,000
9,85,000	...	**9,85,000**	+18,000	...	9,85,000
1,31,000	...	**1,31,000**	—25,000	1,31,000	...
11,16,000	...	**11,16,000**	—7,000	1,31,000	9,85,000
60,000	...	**60,000**	—14,000	45,000	15,000
60,000	...	**60,000**	—14,000	45,000	15,000
83,27,000	14,75,000	**98,02,000**	—75,38,000	98,02,000	...
17,08,00,000	6,79,07,000	**23,87,07,000**	—9,91,000		
11,16,72,000	*3,86,66,000*	***15,03,38,000***	—1,33,37,000		
9,85,000	...	***9,85,000***	—25,000		
5,81,43,000	2,92,41,000	**8,73,84,000**	—1,43,53,000	...	8,73,84,000
2,30,77,000	...	**2,30,77,000**	—5,63,000	2,30,77,000	...
1,54,00,000	50,00,000	**2,04,00,000**	+80,39,000	...	2,04,00,000
9,66,20,000	3,42,41,000	**13,08,61,000**	—68,77,000	2,30,77,000	10,77,84,000
28,68,42,000	13,60,61,000	**42,29,03,000**	+1,61,48,000	9,90,75,000	32,38,28,000

(a) The difference between these figures and the deduction under head "19 Interest on Ordinary Debt" represents adjustment for Exchange.

B.—Statement of the Expenditure charged to the Revenues

	ACCOUNTS, 1919-20.			REVISED ESTIMATE, 1920-21.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
	R	R	R	R	R	R
Brought forward	21,98,28,413	13,85,88,200	**35,84,16,613**	26,45,14,000	14,22,41,000	**40,67,55,000**
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils.	18,92,242	...	**18,92,242**	20,02,000	...	**20,02,000**
B.—Legislative Bodies	1,80,693	...	**1,80,693**	1,69,000	...	**1,69,000**
C.—Secretariat and headquarters establishment.	57,47,122	...	**57,47,122**	77,49,000	...	**77,49,000**
D.—Commissioners	...	...	...	...	...	...
E.—Home Administration	...	46,89,390	**46,89,390**	...	65,13,000	**65,13,000**
23.—Audit	41,67,773	1,23,920	**42,91,693**	52,79,000	3,00,000	**55,79,000**
24.—Administration of Justice	12,85,357	10,010	**12,95,367**	14,62,000	23,000	**14,85,000**
25.—Jails and Convict Settlements	29,26,096	1,63,160	**30,89,256**	36,34,000	17,000	**36,51,000**
26.—Police	65,00,357	79,700	**65,80,057**	71,33,000	83,000	**72,16,000**
27.—Ports and Pilotage	29,92,980	...	**29,92,980**	20,02,000	...	**20,02,000**
28.—Ecclesiastical	20,22,847	1,56,090	**21,78,937**	25,73,000	2,77,000	**28,50,000**
29.—Political	3,06,66,623	7,07,100	**3,13,73,723**	3,15,69,000	7,69,000	**3,23,38,000**
30.—Scientific Departments	40,14,812	5,07,470	**45,22,282**	52,74,000	15,12,000	**67,86,000**
31.—Education	22,67,233	1,63,240	**24,30,473**	27,15,000	2,32,000	**29,47,000**
32.—Medical	16,06,391	60,860	**16,67,251**	21,35,000	1,36,000	**22,71,000**
33.—Public Health	20,90,687	45,290	**21,35,977**	28,61,000	26,000	**28,87,000**
34.—Agriculture	14,67,384	14,380	**14,81,764**	17,47,000	40,000	**17,87,000**
35.—Industries	22,683	24,120	**46,803**	5,24,000	5,000	**5,29,000**
36.—Aviation	1,781	...	**1,781**	4,00,000	10,000	**4,10,000**
37.—Miscellaneous Departments	33,76,818	30,200	**34,07,018**	27,03,000	22,000	**27,25,000**
TOTAL	7,32,29,379	67,74,930	**8,00,04,809**	8,19,31,000	99,65,000	**9,18,96,000**
Currency, Mint and Exchange—						
38.—Currency	32,39,217	15,06,980	**47,46,197**	33,68,000	50,20,000	**83,88,000**
39.—Mint	42,80,774	6,23,060	**49,03,834**	23,72,000	6,76,000	**30,48,000**
40.—Exchange	...	...	...	2,63,30,000	...	**2,63,30,000**
TOTAL	75,19,991	21,30,040	**96,50,031**	3,20,70,000	56,96,000	**3,77,66,000**
Buildings, Roads and Miscellaneous Public Improvements—						
41.—Civil Works	1,48,57,166	1,29,430	**1,49,86,596**	1,76,90,000	1,22,000	**1,78,12,000**
42.—Waterways and Embankments	2,705	...	**2,705**	3,000	...	**3,000**
TOTAL	1,48,59,871	1,29,430	**1,49,89,301**	1,76,93,000	1,22,000	**1,78,15,000**
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	26,306	...	**26,306**	20,000	...	**20,000**
44.—Territorial and Political Pensions	28,42,499	1,78,110	**30,20,609**	28,15,000	1,06,000	**29,21,000**
45.—Superannuation Allowances and Pensions	21,52,528	2,04,74,040	**2,26,26,568**	24,32,000	2,10,35,000	**2,34,67,000**
46.—Stationery and Printing	62,15,134	12,97,360	**75,12,494**	63,71,000	19,61,000	**83,32,000**
47.—Miscellaneous	54,88,213	13,25,200	**68,13,413**	97,87,000	7,07,000	**1,04,94,000**
TOTAL	1,67,24,680	2,32,74,710	**3,99,99,390**	2,14,25,000	2,38,09,000	**4,52,34,000**
Military Services—						
48.—Army—						
Effective	71,34,47,549	3,56,32,040	**74,80,79,589**	53,63,35,000	7,85,79,000	**61,49,14,000**
Non-effective	1,81,77,280	2,98,31,600	**4,80,08,880**	2,38,63,000	3,24,51,000	**5,63,14,000**
	73,16,24,829	6,54,63,640	**79,70,88,469**	56,01,98,000	11,10,30,000	**67,12,28,000**
49.—Marine	72,40,320	88,96,550	**1,61,36,870**	62,61,000	57,31,000	**1,19,92,000**
50.—Military Works	5,81,30,914	11,76,090	**5,93,07,004**	5,89,16,000	15,43,000	**6,04,59,000**
TOTAL	79,69,96,063	7,55,36,280	**87,25,32,343**	62,53,75,000	11,83,04,000	**74,36,79,000**
Contributions and Assignments to the Central Government by Provincial Governments—						
52.—Miscellaneous adjustments between the Central and Provincial Governments.	63,24,000	...	**63,24,000**	63,24,000	...	**63,24,000**
TOTAL EXPENDITURE CHARGED TO REVENUE	1,13,54,82,897	24,64,33,590	**1,38,19,16,487**	1,04,93,32,000	30,01,37,000	**1,34,94,69,000**

of the Central Government in India and in England—*continued.*

BUDGET ESTIMATE, 1921-22.					
India.	England.	Total.	Increase (+) Decrease (−) as compared with Revised, 1920-21.	Distribution of Total into voted and non-voted.	
				Included in demand for grants.	Not submitted to vote.
R 28,68,42,000	R 13,60,61,000	R 42,29,03,000	R +1,61,48,000	R 9,90,75,000	R 32,38,28,000
21,77,000	...	21,77,000	+1,75,000		
7,78,000	7,000	7,85,000	+6,16,000	85,02,000	58,73,000
72,33,000	1,91,000	74,24,000	−3,25,000		
...	52,000	52,000	+52,000		
...	39,37,000	39,37,000	−25,76,000		
61,36,000	3,29,000	64,65,000	+8,86,000	58,34,000	6,31,000
14,84,000	18,000	15,02,000	+17,000	11,85,000	3,17,000
38,11,000	...	38,11,000	+1,60,000	36,41,000	1,70,000
78,12,000	52,000	78,64,000	+6,48,000	73,22,000	5,42,000
24,22,000	47,000	24,69,000	+4,67,000	12,04,000	12,65,000
28,27,000	2,78,000	31,05,000	+2,55,000	...	31,05,000
1,99,94,000	9,69,000	2,09,63,000	−1,13,75,000	...	2,09,63,000
71,07,000	12,40,000	83,47,000	+15,61,000	63,10,000	20,37,000
31,04,000	2,22,000	33,26,000	+3,79,000	31,80,000	1,46,000
25,20,000	3,42,000	28,62,000	+5,91,000	21,24,000	7,38,000
14,69,000	29,000	14,98,000	−13,89,000	13,54,000	1,44,000
18,80,000	44,000	19,24,000	+1,37,000	14,94,000	4,30,000
6,97,000	8,000	7,05,000	+1,76,000	6,51,000	54,000
66,000	9,000	75,000	−3,35,000	55,000	20,000
50,10,000	17,000	50,27,000	+23,02,000	43,28,000	6,99,000
7,65,27,000	77,91,000	8,43,18,000	−75,78,000	4,71,84,000	3,71,34,000
32,72,000	32,28,000	65,00,000	−18,88,000	63,32,000	1,68,000
23,02,000	2,24,000	25,26,000	−5,22,000	23,18,000	2,08,000
3,28,54,000	...	3,28,54,000	+65,24,000	3,28,54,000	...
3,84,28,000	34,52,000	4,18,80,000	+41,14,000	4,15,04,000	3,76,000
1,50,04,000	99,000	1,51,03,000	−27,09,000	1,48,59,000	2,44,000
8,000	...	8,000	+5,000	8,000	...
1,50,12,000	99,000	1,51,11,000	−27,04,000	1,48,67,000	2,44,000
20,000	...	20,000	...	20,000	...
28,76,000	1,13,000	29,89,000	+68,000	...	29,89,000
31,34,000	2,07,99,000	2,39,33,000	+4,66,000	28,36,000	2,10,97,000
52,90,000	17,19,000	70,09,000	−13,23,000	1,58,14,000	−88,05,000
74,70,000	10,16,000	84,86,000	−20,08,000	50,80,000	34,06,000
1,87,90,000	2,36,47,000	4,24,37,000	−27,97,000	2,37,50,000	1,86,87,000
48,29,70,000	6,28,05,000	54,57,75,000	−6,91,39,000	...	54,57,75,000
2,89,00,000	2,84,96,000	5,73,96,000	+10,82,000	...	5,73,96,000
51,18,70,000	9,13,01,000	60,31,71,000	−6,80,57,000	...	60,31,71,000
69,97,000	29,42,000	99,39,000	−20,53,000	...	99,39,000
4,84,80,000	15,20,000	5,00,00,000	−1,04,59,000	...	5,00,00,000
56,73,47,000	9,57,63,000	66,31,10,000	−8,05,69,000	...	66,31,10,000
62,84,000	...	62,84,000	−40,000	62,84,000	...
1,00,92,30,000	26,68,13,000	1,27,60,43,000	−7,34,26,000	23,56,64,000	1,04,33,79,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1919-1920.			Revised Estimate, 1920-21.			Budget Estimate, 1921-22.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Revenue (from Statement A in Part I for Revised and Part II for Budget)	1,91,86,12,334	5,62,46,985	1,97,48,59,319	2,02,94,74,000	2,79,41,000	2,05,74,15,000	1,27,02,85,000	1,28,58,000	1,28,31,43,000
Excess of Revenue over Expenditure charged to Revenue	..	...	**—23,65,28,825**	...	...	**—12,93,26,000**	...	...	**71,00,000**
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital contributed by Railway Companies and Indian States towards construction of State Railways	—15,41,361	(a) 14,88,240	—53,121	—7,03,000	...	—7,03,000	...	3,99,34,000	3,99,34,000
Deposits of Branch line Companies	12,87,127	...	12,87,127	13,39,000	...	13,39,000	12,18,000	...	12,18,000
Net			39,543			**0**			**0**
Permanent Debt Incurred—									
Sterling Debt	...	...		...	...		...	5,00,00,000	
Rupee Debt—									
Rupee Loan	...	...		...	...		15,00,00,000	...	
6 per cent. Bonds 1930	...	...		29,34,70,000	...		...	...	
5½ per cent. War Bonds 1925	1,32,388	...		...	...		...	...	
Do. Do. 1928	5,29,700	..		...	...		...	...	
5 per cent. War Loan 1929-47	9,407	...		5,00 0	...		...	...	
5 per cent. Loan 1945—55	21,28,52,200	...		40,38,000	...		...	...	
3½ per cent. Loans	...	...		6,00,000	...		6,00,000	...	
6½ per cent Bombay Development Loan	...	...		9,38,91,000	...		...	...	
Total	21,35,23,695	...	21,35 23,695	39,20,04,000	...	39,20,04,000	15,06,00,000	5,00,00,000	20,06,00,000
Net			7,16,65,986			37,44,99,000			17,87,93,000
Temporary Debt Incurred—									
War Bonds, 1921	—93,049	...		—4,000	...		...	...	
War Bonds, 1923	—3,58,978	...		1,000	...		...	...	
Treasury Bills—									
Issued to public	92,39,80,000	...		77,11,00,000	...		80,69,00,000	...	
Issued to Paper Currency Reserve	10,09,00,000	...		61,26,00,000	...		56,94,60,000	...	
Other Temporary Loans	18,50,05,808	...		3,00,00,000	...		...	...	
Total	1,20,94,33,781	...	1,20,94,33,781	1,41,36,97,000	...	1,41,36,97,000	1,37,63,60,000	...	1,37,63,60,000
Net			1,74,04,531			23 07,33,000			**0**
Balances of Provincial Governments	1,10,68,419	...	1,10,68,419	8,20,64,000	...	8,20,64,000	...	...	...
			68,14,998			1,06,52,000			**0**
Unfunded Debt—									
Post Office Cash Certificates	86,50,400	...		49,53,000	...		36,00,000	...	
Deposits of Service Funds	13,66,624	8,865		13,59,000	...		13,44,000	...	
Savings Bank Deposits	21,46,67,520	...		23,70,97,000	...		25,22,20,000	...	
Total	22,46,84,544	8,865	22,46,93,409	24,34,09,000	...	24,34,09,000	25,71,64,000	...	25,71,64,000
Net			1,01,07,610			3,20,40,000			4,14,66,000
Deposits and Advances—									
Appropriation for reduction of debt	...	...		52,07,000	...		...		
Deposits of Local Funds—									
District Funds	10,67,93,435	...		10,46,77,000	...		10,76,27,000	...	
Other Funds	2,14,07,901	...		2,34,00,000	...		2,48,28,000	...	
Deposits of Sinking Funds	2,78,102	...		2,89,000	...		3,01,000	..	
Gold Standard Reserve	...	54,12,58,800		...	1,18,69,00,000		...	1,15,63,38,000	
Paper Currency Reserve	...	2,43,64,46,100		...	1,05,86,73,000		...	8,35,00,000	
Consols Depreciation Fund	...	6,03,180		...	35,20,000		...	...	
Sinking Funds for Rupee Loans	73,00,000	...		73,61,000	...		1,54,00,000	...	
Special Reserve	....	18,08,53,500		...	...		...	...	
Deposit Account with the United States of America.	10,96,23,640	...		...	...		...	...	
Exchange on Remittance Account	5,23,07,074	...		...	...		5,44,91,000	...	
Sales of Telegraphic Transfers against Gold received in India	2,98,56,059	...		...	...		...	...	
Departmental and Judicial Deposits	1,48,08,31,803	...		8,39,72,42,000	...		74,16,09,000	...	
Advances	18,04,21,829	4,64,86,365		29,26,32,000	2,04,01,000		19,52,55,000	32,60,000	
Suspense Accounts	14,22,41,395	...		11,26,33,000	...		3,22,02,000	...	
Miscellaneous	78,99,709	3,63,74,953		1,32,57,000	1,88,24,000		6,31,35,000	2,00,20,000	
Total	2,18,89,60,957	3,24,20,22,900	5,43,09,83,857	8,98,65,98,000	2,28,83,18,000	11,27,49,16,000	1,23,48,48,000	1,26,31,18,000	2,49,79,66,000
Net			42,68,45,437			**0**			14,17,18,000
Carried over	5,76,60,29,496	3,20,97,66,990		13,14,78,82,000	2,31,62,59,000		4,29,04,75,000	1,36,59,10,000	

(a) Represents repayment of Capital outlay in England.

Central Government, in India and in England.

	Accounts, 1919-1920.			Revised Estimate, 1920-21.			Budget Estimate, 1921-22.		
Expenditure (from Statement B in Part I for Revised and Part II for Budget)	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	R	R	R	R	R	R	R	R	R
	1,82,14,53,826	38,31,19,320	2,20,45,73,146	1,86,14,94,000	31,45,95,000	2,17,60,89,000	1,00,92,30,000	26,68,13,000	1,27,60,43,000
Add—Provincial Surpluses transferred to "Deposits"	1,10,68,419	...	1,10,68,419	8,20,64,000	...	8,20,64,000			
Deduct—Provincial Deficits charged to "Deposits"	42,53,421	...	42,53,421	7,14,12,000	...	7,14,12,000			
Total	1,82,82,68,824	38,31,19,320	2,21,13,88,144	1,87,21,46,000	31,45,95,000	2,18,67,41,000			
Railway, Irrigation and other Capital not charged to Revenue—									
Construction of Irrigation Works	21,49,207	3,15,300	24,64,507	60,37,000	1,80,000	62,17,000	2,09,000	1,05,000	3,14,000
Construction of State Railways	4,32,92,731	9,85,41,990	14,18,34,721	6,62,36,000	17,91,12,000	24,53,48,000	3,48,73,000	14,32,83,000	(*b*) 17,81,56,000
Capital outlay on Indian Postal and Telegraph Department	...	...	...	...	...	...	...	1,00,00,000	1,00,00,000
Initial expenditure on new Capital at Delhi	47,77,277	2,58,150	50,35,427	1,02,46,000	21,75,000	1,24,21,000	78,22,000	28,67,000	(*c*) 1,06,89,000
Bombay Development Scheme	...	...	...	57,18,000	...	57,18,000	...	...	...
Payments for discharge of debentures	...	67,95,000	67,95,000	...	49,20,000	49,20,000	...	3,99,34,000	3,99,34,000
Deposits of Branch Line Companies	12,47,584	...	12,47,584	16,34,000	...	16,34,000	13,71,000	...	13,71,000
Net			0			2,95,000			1,53,000
Permanent Debt Discharged—									
Sterling Debt—									
British Government 5 per cent. War Loan, 1929-47	...	13,19,40,000		...	...		...	...	
India Bonds	...	...		...	...		...	...	
India 4 p. c. Stock	...	...		...	...		...	...	
Rupee Debt—									
5½ p. c. War Bonds 1925	1,75,475	...		1,87,000	...		...	...	
Do. Do. 1928	10,12,625	...		22,50,000	...		...	...	
5 p. c. War Loan, 1929-47	73,91,500	...		54,83,000	...		1,12,00,000	...	
5 p. c. Loan 1945-55	...	...		76,73,000	...		87,00,000	...	
4 p. c. Loans	12,00,000	...		12,05,000	...		12,00,000	...	
3½ p. c. Loans	12,809	...		7,000	...		7,000	...	
3 p. c. Loans	1,24,800	...		7,00,000	...		7,00,000	...	
Provincial debentures	500	...		...	...		...	...	
Total	99,17,709	13,19,40,000	14,18,57,709	1,75,05,000	...	1,75,05,000	2,18,07,000	...	2,18,07,000
Net			0			0			0
Temporary Debt Discharged—									
5½ p. c. War Bonds, 1920	61,33,150	...		18,49,23,000	...		68,73,000	...	
Do. Do. 1922	59,15,100	...		4,74,00	...		...	...	
Do. Do. 1921	51,41,900	...		9,36,21,000	...		15,41,56,000	...	
Do. Do. 1923	23,25,100	...		46,000	...		...	...	
Treasury Bills—									
Issued to public	92,35,10,000	...		77,30,00,000	...		80,69,00,000	...	
Do. Paper Currency Reserve	6,40,00,000	...		10,09,00,000	...		(*d*) 61,26,00,000	...	
Other Temporary Loans	18,50,00,000	...		3,00,00,000	...			...	
Total	1,19,20,29,250	...	1,19,20,29,250	1,18 29,64 000	...	1,18,29,64,000	1,58,05,29,000	...	1,58,05,29,000
Net			0			0			20,41,69,000
Balances of Provincial Governments	42,53,421	...	42,53,421	7,14,12 000	...	7,14,12,000	2,45,99,000	3,25,42,000	(*e*) 5,71,41,000
			0			0			5,71,41,000
Unfunded Debt—									
Post Office Cash Certificates	3,30,70,651	...		1,47,28,000	...		96,00,000	...	
Special Loans	4,841	...		5,000	...		5,000	...	
Deposits of Service Funds	14,81,814	2,640		14 96,000	...		14,76,000	...	
Savings Bank Deposits	18,00,22,863	...		19,51,40,000	...		20,46,17,000	...	
Total	21,45,83,159	2,640	21,45,85,799	21,13,69,000	...	21,13,69,000	21,56,98,000	...	21,56,98,000
Net			0			0			0
Deposits and Advances—									
Deposits of Local Funds—									
District Funds	10,18,09,029	...		10,73,79,000	...		10,82,00,000	...	
Other Funds	2,17,14,013	..		2,24,09,000	...		2,48,15,000		
Gold Standard Reserve	...	63,14,85,615		...	1,18,69,00,000		...	1,15,63,38,000	
Paper Currency Reserve	...	2,43,64,45,100		...	1,05,85,73,000		...	8,55,00,	
Consols Depreciation Fund	...	7,23,765		...	35,22,000		...	...	
Adjustment of exchange on Revaluation of Gold and Sterling Securities in Paper Currency Reserve	...	...		17,47,35,000	...		...	...	
Sinking Funds for Rupee Loans	66,92,344	...		1,07,26,000	...		1,54,00,000	...	
Special Reserve	...	7,67,59,320		...	...		...	...	
Deposit Account with United States of America	4,03,83,851	...		...	...		...	...	
Exchange on Remittance Account	...	...		23,49,47,000	...		...	...	
Sales of Telegraphic Transfers against Gold received in India	2,98,56,059	...		...	...		...	...	
Departmental and Judicial Deposits	1,42,02,13,470	...		8,41,13,00,000	...		75,45,72,000	...	
Advances	16,52,98,650	4,90,11,165		30,67,34,000	2,98,85,000		19,64,55,000	30,01,000	
Suspense Accounts	99,71,923	...		3,43,88,000	16,60,000		8,76,000	...	
Miscellaneous	3,86,351	1,33,56,765		77,000	1,01,84,000		...	1,30,91,000	
Total	1,79,63,25,690	3,20,78,12,730	5,00,41,38,420	9,30,26,95,000	2,29,08,24,000	11,59,35,19,000	1,10,03,18,000	1,25,59,30,000	2,35,62,48,000
Net			0			31,86,83,000			0
Carried over	5,09,68,44,852	3,82,87,85,130		12,74,79,62,000	2,79,18,06,000		3,99,64,56,000	1,75,14,74,000	

(*b*) Of this R3,45,000 is non-voted. (*c*) Of this R2,94,000 is non-voted. (*d*) Of this R4,31,40,000 is non-voted. (*e*) The whole of this is non-voted.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1919-1920.			Revised Estimate, 1920-1921.			Budget Estimate, 1921-1922.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	R	R	R	R	R	R	R	R	R
Brought forward .	5,76,60,29,496	3,29,97,66,990		13,14,78,82,000	2,31,62,59,000		4,29,04,75,000	1,36,59,10,000	
Loans and Advances by the Central Government . . .	35,53,142	...	35,53,142	35,73,000	...	35,73,000	36,16,000	...	36,16,000
Net .			**15,45,808**			**12,75,000**			**18,23,000**
Loans between Central and Provincial Governments . .	...	...	...	...	...	...	77,94,000	...	77,94,000
Net .									**0**
Loans and Advances by Provincial Governments . . .	3,49,94,905	...	3,49,94,905	3,40,89,000	...	3,40,89,000	...	...	...
Net .			**0**			**0**			
Remittances—									
Inland Money Orders .	90,96,53,711	...		95,10,00,000	...		98,00,00,000	...	
Other Local Remittances .	...	...		11,29,33,000	...		7,28,45,000	...	
Other Departmental Accounts . . .	2,00,786	...		80,000	...		19,000	...	
Net Receipts by Civil Treasuries from—									
Posts and Telegraphs .	...	...		2,47,75,000	...		2,02,75,000	...	
Railways . . .	29,30,25,584	...		12,86,30,000	..		24,68,49,000	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs .	22,87,377	...		...	...		...	...	
Marine . . .	2,59,98,638	...		2,32,55,000	...		2,02,15,000	...	
Military Works . .	5,84,62,729	...		5,03,25,000	...		4,04,64,000	...	
Military . .	1,46,20,97,369	...		76,27,10,00	...		55,85,38,000	...	
Remittance Account between England and India—									
Transfers through Currency	...	15,22,36,333		...	36,5[illegible]28,000		...	8,35,00,000	
Transfers through Gold Standard Reserve . .	...	...		...	...		...	2,50,00,000	
Purchase of Gold . .	41,18,28,260	...		6,96,59,000	...		7,15,000	...	
Purchase of Silver . .	20,39,[illegible]425	..		7,30,00	...		...	..	
War Office transactions .	73,88,73,617	94,10,56,245		1,53,47,000	55,17,71,000		...	18,50,00,000	
Railway transactions .	8,50,86,886	1,41,000		5,83,000	...		9,05,000	...	
Other „ . .	26,14,88,189	10,07,41,597		11,37,90,000	6,74,65,000		6,43,05,000	11,79,30,000	
Total .	4,45,29,99,571	1,19,41,75,175	5,64,71,74,746	2,25,88,15,000	98,42,64,000	3,24,30,79,000	2,00,56,30,000	41,14,30,000	2,41,70,60,000
Net .			**0**			**0**			**7,50,34,000**
Secretary of State's Bills drawn . .	...	46,83,93,280	46,83,93,280	...	...	...	...	...	...
Sterling Transfers on London drawn . .	36,81,60,000	...	36,81,60,000	30,98,80,000	...	30,98,80,000	...	...	...
Total Receipts . .	10,62,57,37,114	4,96,23,35,445		15,75,42,39,000	3,30,05,23,000		6,30,75,15,000	1,77,73,40,000	
Opening Balance . .	25,95,03,870	(a) 22,07,37,405		26,47,59,962	(b) 11,99,73,930		16,37,18,962	(b) 6,00,18,930	
GRAND TOTAL .	10,88,52,40,984	5,18,30,72,850		16,01,89,98,962	3,42,04,96,930		6,47,12,33,962	1,83,73,58,930	

(a) Of this amount R9,02,35,080 represent the funds of the Gold Standard Reserve
(b) „ „ „ R5,510 „ „ „ „ „ „ „ „

DELHI,
FINANCE DEPARTMENT;
March 31, 1921.

D. DEWAR,
Auditor General.

Central Government, in India and in England—*continued.*

	Accounts, 1919-1920.			Revised Estimate, 1920-1921.			Budget Estimate, 1921-1922.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	R	R	R	R	R	R	R	R	R
Brought forward	5,09,68,44,852	3,82,87,85,130		12,74,79,62,000	2,79,18,06,000		3,99,64,56,000	1,75,14,74,000	
Loans and Advances by the Central Government	20,07,334	...	20,07,334	22,98,000	...	22,98,000	17,93,000	...	17,93,000
Net			0			0			0
Loans between Central and Provincial Governments	...	...	...	...	...	...	1,97,50,000	...	1,97,50,000
Net									1,19,56,000
Loans and Advances by Provincial Governments	4,70,03,180	...	4,70,03,180	9,06,17,000	...	9,06,17,000	...	...	...
Net			1,20,08,275			5,65,28,000			
Remittances—									
Inland Money Orders	90,86,35,520	...		95,00,00,000	...		98,00,00,000	...	
Other Local Remittances	32,39,629	...		10,88,35,000	...		7,28,45,000	...	
Other Departmental Accounts	...	...		80,000	...		19,000	...	
Net Payments into Civil Treasuries by—									
Posts and Telegraphs	...	...		2,47,75,000	...		2,02,75,000	...	
Railways	29,22,23,347	...		12,86,30,000	...		24,68,49,000	...	
Net Issues from Civil Treasuries to –									
Posts and Telegraphs	22,87,329	...		...	...		...	...	
Marine	2,62,72,357	...		2,82,55,000	...		2,02,15,000	...	
Military Works	5,87,83,108	...		5,03,25,000	...		4,04,64,000	...	
Military	1,46,71,18,696	...		76,27,10,000	...		55,85,38,000	...	
Remittance Account between England and India—									
Transfers through Currency	15,22,36,333	...		36,50,28,000	...		8,35,00,000	...	
Transfers through Gold Standard Reserve	...	...		..	...		2,50,00,000	...	
Purchase of Gold	...	41,50,67,235		...	6,75,00,000		...	10,00,000	
Purchase of Silver	1,222	10,50,95,378		...	7,30,000		...	...	
War Office transactions	1,88,15,85,754	6,75,12,690		52,01,50,000	1,53,45,000		19,50,00,000	59,00,000	
Railway transactions	11,327	8,52,16,560		...	5,83,000		...	9,05,000	
Other ,,	21,38,37,754	14,24,09,962		7,56,15,000	16,67,44,000		5,99,04,000	3,16,12,000	
Total	5,00,62,32,376	81,53,01,825	5,82,15,34,201	3,01,44,03,000	25,09,02,000	3,26,53,05,000	2,30,26,09,000	3,94,17,000	2,34,20,26,000
Net	...	...	17,43,59,455		...	2,22,26,000	...	...	0
Secretary of State's Bill paid	46,83,93,280	...	46,83,93,280	...	...	...	...	...	...
Sterling Transfers on London paid	...	35,90,25,000	35,90,25,000	...	31,77,70,000	31,77,70,000	...	...	...
Total Disbursements	10,62,04,81,022	5,00,31,11,955		15,85,52,80,000	3,36,04,78,000		6,32,06,08,000	1,79,08,91,000	
Closing Balance	26,47,59,962	(c) 17,99,60,895		16,37,18,962	(b) 6,00,18,930		15,06,25,962	(b) 4,64,67,930	
GRAND TOTAL	10,88,52,40,984	5,18,30,72,850		16,01,89,98,962	3,42,04,96,930		6,47,12,33,962	1,83,73,58,930	

(c) Of this amount Rs. 8,265 represents the funds of the Gold Standard Reserve.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

REVENUE AND EXPENDITURE.		Budget Estimate, 1921-22. Net Receipts.	Budget Estimate, 1921-22. Net charges.
		R	R
Principal Heads of Revenue	Customs	37,01,63,000	...
	Taxes on Income	18,27,72,000	...
	Salt	5,41,35,000	...
	Opium	2,20,31,000	...
	Other heads	1,65,14,000	...
	Total	64,56,15,000	...
Commercial Services	Railways	4,08,50,000	...
	Irrigation	...	7,52,000
	Posts and Telegraphs	1,10,72,000	...
Debt Services		...	9,59,52,000
Civil Administration	Civil Administration	...	7,66,83,000
Currency, Mint and Exchange	Currency	...	62,86,000
	Mint	22,33,000	...
	Exchange	...	3,28,54,000
Buildings, Roads and Miscellaneous Public Improvements	Civil Works, etc.	...	1,40,73,000
Miscellaneous Civil services	Famine Relief	...	20,000
	Superannuations	...	2,21,73,000
	Miscellaneous	6,41,41,000	...
	Other Heads	...	91,09,000
Military Services	Army — Effective	...	50,89,83,000
	Army — Non-effective	...	5,60,21,000
	Marine	...	85,26,000
	Military works	...	4,84,70,000
Contributions and Assignments to Central Government by Provincial Governments		12,30,91,000	...
	Total	88,70,02,000	87,99,02,000
	Surplus	71,00,000	

		Accounts, 1919-20. Net Receipts.	Accounts, 1919-20. Net charges.	Revised Estimate, 1920-21. Net Receipts.	Revised Estimate, 1920-21. Net charges.	Budget Estimate, 1921-22. Net Receipts.	Budget Estimate, 1921-22. Net charges.
		R	R	R	R	R	R
	Surplus	...	...	...	...	71,00,000	...
	Deficit	...	23,65,28,825	...	12,93,26,000	...	...
Capital Account	Railway, Irrigation and other Capital not charged to Revenue:—						
	Payments for discharge of Debentures	...	67,95,000	...	49,20,000	...	3,99,34,000
	Capital contributed by Railway Companies and Indian States towards construction of State Railways	—53,121	...	—7,03,000	...	3,99,34,000	...
	Construction of Irrigation Works	...	24,64,507	...	62,17,000	...	3,14,000
	Construction of State Railways	...	14,18,34,721	...	24,53,48,000	...	17,81,56,000
	Capital outlay on Indian Postal and Telegraph Department	...	...	...	...	...	1,00,00,000
	*Initial expenditure on new Capital at Delhi	...	50,35,427	...	1,24,21,000	...	1,06,89,000
	Bombay Development Scheme	...	...	...	57,18,000	...	...
	Deposits of Branch Line Companies (net)	39,543	...	...	2,95,000	...	1,53,000
Debt, Deposits, Advances and Remittances.	Permanent Debt (net)	7,16,65,986	...	37,44,99,000	...	17,87,93,000	...
	Temporary Debt (net)	1,74,04,531	...	23,07,33,000	...	...	20,41,69,000
	Unfunded Debt (net)	1,01,07,610	...	3,20,40,000	...	4,14,66,000	...
	Balances of Provincial Governments (net)	68,14,998	...	1,06,52,000	...	...	5,71,41,000
	Loans and Advances by Central Government (net)	15,45,808	...	12,75,000	...	18,23,000	...
	Loans and Advances by Provincial Governments (net)	...	1,20,08,275	...	5,65,28,000	...	...
	Loans between Central and Provincial Governments (net)	...	...	...	...	...	1,19,56,000
	Deposits and Advances (net)	42,68,45,437	...	...	31,86,03,000	14,17,18,000	...
	Remittances (net)	...	17,43,59,455	...	2,22,26,000	7,50,34,000	...
	Secretary of State's Bills drawn	46,83,93,280	...	...	...	...	...
	Secretary of State's Bills paid	...	46,83,93,280	...	...	...	...
	Sterling Transfers on London drawn	36,81,60,000	...	30,98,80,000	...	...	...
	Sterling Transfers on London paid	...	35,90,25,000	...	31,77,70,000	...	...
Cash Balance	Opening Balance	48,02,41,275	...	38,47,33,892	...	22,37,37,892	...
	Closing Balance	...	44,47,20,857	...	22,37,37,892	...	19,70,93,892
	Total	1,85,11,65,347	1,85,11,65,347	1,34,31,09,892	1,34,31,09,892	70,96,05,892	70,96,05,892

D. DEWAR,
Auditor General.

A. C. McWATTERS,
Controller of the Currency.

E. M. COOK,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT,
March 31, 1921.

MEMORANDUM EXPLAINING THE DETAILS OF THE ESTIMATES.

The Budget estimates for the year 1921-22 relate to the revenue and expenditure of the Central Government in accordance with the new division of subjects between the Central and Provincial Governments which will come into force on the 1st April 1921. To enable a comparison to be made with these estimates, the actuals for last year and the Revised estimates for the current year have been recast in accordance with the new division of subjects, and the variations between the Budget estimates for 1921-22 and the Revised estimates for 1920-21 as thus recast are explained in the following pages. It may be added that the figures shown against "India General" in the tables in this memorandum represent the transactions of the Central Government, including all expenditure directly controlled by it, of the minor administrations of Ajmer-Merwara and Coorg, and of the convict settlement in the Andamans.

2. It has been decided to make some important changes in the existing scheme of major heads of account with effect from the next year with the object of making the accounts more intelligible to the general public. Besides a complete revision and re-arrangement of heads, the following are the more important of these changes:—

(*i*) Refunds, assignments and compensations and civil furlough and absentee allowances will not be shewn under separate heads of expenditure; refunds will appear as deductions from revenue and the other items will be distributed among the respective subject heads to which the payments relate.

(*ii*) The revenue from posts and telegraphs and irrigation works will, as in the case of railways, be shown net after deduction of working expenses. Other miscellaneous expenditure chargeable to revenue will continue to be shown on the expenditure side, but under separate major heads.

(*iii*) The Capital expenditure of the Indian Postal and Telegraph Department, which is of a productive nature will be charged to the Capital section of the accounts.

The Budget estimates for 1921-22 as well as the figures for previous years shown in the following tables have been prepared in accordance with the new classification. It may be added that the totals of revenue and expenditure are now shown in rupees instead of in £ sterling as hitherto, Home transactions being converted into rupees at ₹10 per £.

3. The figures for the province of Delhi have been entered separately and explained under each major head of account. A *pro formâ* account of expenditure on Delhi and the Delhi province is also appended to this memorandum (Appendix I), together with a prefatory note explaining the scope of the *pro formâ* account and the relation between it and the regular accounts.

General results.

4. The broad totals of revenue and expenditure for the last year, the current year and the ensuing year, are as follows:—

	Accounts, 1919-20. £
Revenue	131,657,287
Expenditure charged to Revenue	147,425,876
Imperial deficit	15,768,589

	Revised, 1920-21. ₹
Revenue	2,05,74,15,000
Expenditure charged to Revenue	2,18,67,41,000
Imperial deficit	12,93,26,000

	Budget, 1921-22. ₹
Revenue	128,31,43,000
Expenditure charged to Revenue	127,60,43,000
Imperial surplus	71,00,000

These figures exclude all capital, debt and remittance transactions.

Accounts, 1919-20.

5. The Accounts of 1919-20 are not discussed in this memorandum, but a brief explanation is as usual given below of the principal divergences between the Revised estimates of revenue and expenditure as submitted to the Indian Legislative Council twelve months ago, and the actual accounts of the year as closed, audited and compiled by the Comptroller and Auditor General.

6. The broad results are brought out in the following table :—

	Revised, 1919-20.			Actuals, 1919-20.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
	£	£	£	£	£	£
Revenue	96,050,400	39,519,600	135,570,000	91,426,519	40,230,768	131,657,287
Expenditure . . .	106,124,500	39,467,300	145,591,800	107,195,108	39,776,435	146,971,543
Surplus (+) or Deficit (−) .	−10,074,100	+52,300	−10,021,800	−15,768,589	+454,333	−15,314,256

7. The Imperial revenue was less than the Revised estimate by £4,624,000 and the Imperial expenditure more by £1,071,000, with the result that the deficit was £5,695,000 more than was anticipated.

The deterioration in the Imperial account was mainly due to the non-recovery from His Majesty's Government in the year 1919-20 of a sum of £5,370,000 for which credit had been taken in the Revised estimate for that year on account of the capital value of war pensions of Indian troops and their British officers; this matter is under discussion with His Majesty's Government. There was also a postponement of collections of excess profits duty (£1 million) to the current year, and the net receipts from railways showed a worseness of £296,000; but these deteriorations were partly set off by an improvement under income-tax, land, posts and telegraphs and mint revenue, and by a saving in net military expenditure.

8. In the Provincial section, there was an improvement of £402,000 as the result of better collections of income-tax and land revenue.

Revised, 1920-21.

9. Since the 1st April 1921, the accounts have been prepared on the basis of R10 per £ for the conversion of rupee and sterling transactions. The following table compares the Revised estimates for the Imperial and Provincial sections with the Budget for the current year as recast on the 10 Rupee basis :—

	Budget, 1920-21.			Revised, 1920-21.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
	R	R	R	R	R	R
Revenue . . .	1,31,69,30,000	62,84,96,000	1,94,54,26,000	1,35,10,35,000	70,63,80,000	2,05,74,15,000
Expenditure . .	1,29,88,05,000	69,01,61,000	1,98,89,66,000	1,48,03,61,000	69,57,28,000	2,17,60,89,000
Surplus (+) or Deficit (−) . . .	+1,81,25,000	−6,16,65,000	−4,35,40,000	−12,93,26,000	+1,06,52,000	−11,86,74,000

10. The important variations in the Imperial section are shown in the following table :—

	In lakhs of rupees (+better—worse.)	
	+	—
(*i*) Land Revenue collections less owing to the failure of the monsoon in several provinces . . .	...	1,45
(*ii*) Opium revenue less	...	79
(*iii*) Customs revenue more	7,73	...
(*iv*) Income-tax revenue more	4,05	...
(*v*) Interest receipts less (owing to the sale of sterling securities in the Paper Currency Reserve in order to meet reverse Bills on London)	...	1,03
(*vi*) Posts and Telegraphs : receipts more . . .	58	...
(*vii*) Miscellaneous receipts more	62	...
(*viii*) Railways : net receipts less	...	8,21
(*ix*) Opium expenditure less	52	...
(*x*) Interest expenditure more (owing to increase in proceeds of rupee loan and in amount of treasury bills issued to the public and to the Paper Currency Reserve)	...	2,43
(*xi*) Exchange loss relating to non-commercial revenue heads	...	2,63
(*xii*) Military expenditure more	...	15,81
(*xiii*) Increase in expenditure under refunds (1,22 mainly customs, salt and income-tax) ; posts and telegraphs (1,37) owing to revision of pay of establishments ; general administration and political (1,00); the increase in the latter case being under special political expenditure in Persia, and that under the former being due to increased outlay on note forms and Home administration in England and to revision of pay of establishments in India . .	...	3,59
(*xiv*) Omission of appropriation for meeting deficiency in Paper Currency Reserve included in Budget .	8,75	...
(*xv*) Minor variations	...	1,05
Net worseness .		14,74

The more important of the above variations are explained in detail in the following pages.

11. The Provincial section shows an improvement of R7,23 lakhs as compared with the Budget. The Revised estimates include however a credit of rice profits to the Government of Burma to the extent of R9,25 lakhs against a provision of R1 crore in the Budget. There is thus a worseness of R1,02 lakhs in normal transactions due to a falling off in land revenue collections partly set off by minor improvements under several heads; a considerable increase in expenditure has been necessitated by the extensive revisions of pay sanctioned in all provinces during the current year, but these have been met for the most part by reductions in the budgeted programme of expenditure, mainly under civil works, education, sanitation and agriculture.

Authors of Memorandum.

12. Paragraphs 117 to 127 of the memorandum have been communicated by Mr. E. Burdon, I.C.S., Financial Adviser, Military Finance, and paragraphs 40 to 50 and 130 to 134 by Rao Bahadur K. Balarama Iyer, Accountant General, Railways; the rest of the memorandum has been drafted by Mr. A. V. Venkataramana Aiyar, C.I.E., Assistant Secretary in the Finance Department.

I AND 1.—CUSTOMS.

SEA CUSTOMS.	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	Budget, 1921-1922.
IMPORTS.						
Special Import Duties.						
1. Arms, Ammunition and Military Stores	R 4,70,631	R 5,00,205	R 9,30,424	R 11,14,000	R 10,53,000	R 10,00,000
2. Coal, coke and patent fuel	14,340	35,433	21,760	34,000	30,000	28,000
3. Liquors—						
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors	4,82,634	4,83,848	6,82,976	8,30,000	9,20,000	13,00,000
(*b*) Spirits and Liqueurs	1,01,15,259	1,01,14,952	1,24,78,852	1,35,00,000	1,82,00,000	2,49,00,000
(*c*) Wines	3,96,572	4,66,550	6,38,755	7,35,000	9,25,000	14,50,000
4. Opium	2,937	3,367	3,120	6,000	3,000	3,000
5. Petroleum	35,59,223	13,13,393	82,95,403	85,00,000	53,20,000	85,00,000
6. Silver, Bullion and Coin	17,03,848	1,139	2,854	...	...	...
7. Silver manufactures	2,40,851	2,03,248	1,93,249	2,00,000	7,59,000	7,00,000
8. Sugar	1,48,16,402	1,69,43,412	1,28,11,234	1,35,00,000	1,20,00,000	2,35,00,000
9. Tobacco	61,51,771	83,02,124	89,07,086	90,00,000	1,42,00,000	1,60,00,000
10. Matches	...	...	...	...	9,00,000	1,10,00,000
11. Articles of luxury	...	...	...	...	18,00,000	2,14,00,000
Duty at 2½ per cent.						
12. Machinery	9,15,185	11,61,717	18,85,546	30,00,000	50,92,000	62,00,000
13. Metals—Iron and Steel	16,63,995	26,00,012	46,02,935	52,10,000	69,40,000	70,00,000
14. Railway plant and rolling stock	1,39,378	4,60,210	13,56,073	18,52,000	33,50,000	32,00,000
15. Other articles	4,16,710	3,86,510	3,02,111	4,00,000	4,50,000	3,75,000
Duty at 11 per cent.						
16. Articles of Food and Drink (excluding sugar and vinegar)	53,38,851	57,30,636	68,23,282	75,00,000	70,20,000	92,00,000
17. Raw materials and articles mainly unmanufactured	39,58,935	41,01,145	55,58,664	57,82,000	62,90,000	76,00,000
18. Articles wholly or mainly manufactured—						
(*a*) Cutlery, hardware, implements and instruments	33,83,983	48,80,774	56,73,092	62,65,000	1,38,00,000	1,33,00,000
(*b*) Metals other than Iron and Steel	18,37,271	23 29,577	63,66,681	70,00,000	73,50,000	94,00,000
(*c*) Cotton manufactures	3,83,39,219	3,78,73,533	4,09,21,093	4,50,00,000	6,80,00,000	5,95,00,000
(*d*) Yarns and textile fabrics (other than cotton manufactures)	52,89,008	58,29,934	77,99,100	83,00,000	1,32,00,000	1,68,00,000
(*e*) All other articles wholly or mainly manufactured	1,76,08,371	1,85,49,095	2,32,78,693	2,35,00,000	4,58,00,000	3,78,00,000
19. Miscellaneous	28,14,576	34,34,382	48,25,717	35,00,000	70,00,000	53,00,000
TOTAL IMPORTS	11,99,59,950	12,57,05,196	15,43,58,700	16,47,28,000	24,04,02,000	28,54,56,000
20. EXPORT DUTIES—						
(*a*) Hides and skins, raw	...	...	91,92,029	2,10,00,000	60,60,000	1,00,00,000
(*b*) Jute (raw and manufactured)	1,83,38,167	2,14,15,946	2,97,48,122	3,40,00,000	3,30,64,000	3,25,00,000
(*c*) Rice	1,05,26,999	1,11,13,234	37,22,235	75,49,000	58,16,000	1,10,00,000
(*d*) Tea	43,83,261	43,85,778	54,50,724	63,00,000	42,63,000	50,00,000
21. SEA CUSTOMS—MISCELLANEOUS	10,12,229	8,36,395	10,85,980	9,37,000	24,87,000	12,66,000
22. LAND CUSTOMS	9,83,157	6,94,711	7,39,719	6,50,000	11,35,000	8,70,000
23. EXCISE DUTY ON COTTON MANUFACTURES	76,20,779	1,38,17,033	1,55,14,490	1,50,30,000	2,40,34,000	3,00,00,000
24. EXCISE DUTY ON MOTOR SPIRIT	23,52,087	32,73,693	41,41,939	39,51,000	63,00,000	65,00,000
25. WAREHOUSE AND WHARF RENTS AND MISCELLANEOUS	3,72,190	5,67,628	8,78,855	10,00,000	89,04,000	21,00,000
GRAND TOTAL	16,55,48,819	18,18,09,614	22,48,32,802	25,51,45,000	33,24,65,000	38,46,92,000
Deduct—Refunds	*49,29,489*	*78,94,112*	*1,01,62,867*	*70,28,000*	*86,85,000*	*73,64,000*
NET TOTAL	16,06,19,330	17,39,15,502	21,46,69,935	24,81,17,000	32,37,80,000	37,73,28,000
CHARGES.						
India	45,66,808	47,63,833	48,82,284	60,17,000	58,95,000	70,90,000
England	2,540	1,200	30,050	2,000	84,000	75,000
TOTAL	45,69,348	47,65,033	49,12,334	60,19,000	59,79,000	71,65,000

Revised, 1920-21.

13. The Revised estimate of gross Customs revenue in 1920-21 amounts on the existing scale of taxation to R32,54·65 lakhs or R7,03·20 lakhs more than

the Budget estimate. The large increase is the result of the phenomenal activity of the import trade during the current year, the total increase in the revenue from import duties being R6,86·74 lakhs, of which R2,15·60 lakhs occur under cotton manufactures and R2,18·50 lakhs under miscellaneous manufactured articles. Other tariff heads which show important excesses are cutlery, hardware, etc. (R72·35 lakhs), yarns and textile fabrics (R51·90 lakhs), tobacco (R48·50 lakhs), spirits and liqueurs (R40 lakhs), machinery (R20·92 lakhs), iron and steel (R17·30 lakhs), railway plant (R14·98 lakhs) and miscellaneous articles paying duty at 7½ per cent. (R33·60 lakhs). There will also be considerable increases under the excise duties on cotton manufactures (R90·04 lakhs), and on motor spirit (R23·49 lakhs), while special receipts amounting to R55 lakhs will be realised from the auction of rice export licenses at Karachi and Calcutta. On the other hand, a substantial decline is anticipated under the import duties on petroleum (R31·80 lakhs) and sugar (R20·50 lakhs) due in the latter case to a shortage of crops, and under the export duties on hides and skins (R1,49·40 lakhs), and tea (R20·37 lakhs), due to the depressed condition of these trades, as well as rice (R17·33 lakhs).

Budget, 1921-22.

14. The Budget estimate of gross Customs revenue for 1921-22 is taken at R30,29·92 lakhs on the existing basis of taxation, or R2,24·73 lakhs less than the Revised for the current year. Allowance has been made for the general slump in the import trade which is anticipated in the coming year as the result of the over-stocked condition of the Indian markets. The estimates provide accordingly for large decreases under cotton manufactures (R1,90·60 lakhs), miscellaneous manufactured articles (R1,03·50 lakhs), cutlery, hardware, etc. (R30 lakhs), and yarns and textile fabrics (R19·80 lakhs). On the other hand, increases are expected under sugar (R55·50 lakhs) and petroleum (R31·80 lakhs), the imports of which have been abnormally low in the current year, under the export duties on rice (R51·84 lakhs) and hides and skins (R39·40 lakhs), and under the excise duty on cotton manufactures (R59·66 lakhs).

15. With effect from the 1st March 1921, the import tariff has under the provisions of the Indian Finance Act of 1921, been raised as shown below. The additional revenue expected in 1920-21 and 1921-22, as a result of the increased duties imposed by the new legislation, is shown in the following table :—

Item.	Extent of increase.	Additional revenue in lakhs of rupees expected in	
Special Import Duties.		1920-21.	1921-22.
Ale, beer, porter, cider, and other fermented liquors	From 4½ to 6½ annas per gallon	·40	4·00
Spirits and liqueurs—			
Liqueurs, untested	From R14-10 to R25 per gallon	7·00	84·50
Liqueurs, tested	From R11-4 to R18-12 per proof gallon		
Perfumed spirits	From R18-12 to R30 per gallon		
All other spirits (except denatured spirits)	From R11-4 to R18-12 per proof gallon		
Wines—			
Champagnes and other sparkling wines	From R4-6 to R9 per gallon	·50	5·50
Other sorts of wines	From R1-12 to R4-8 per gallon		
Sugar	From 10 to 15 per cent. *ad valorem*	5·50	65·00
Tobacco	On cigars and cigarettes from 50 to 75 per cent. *ad valorem*, and on all other sorts of manufactured tobacco from R1-8 to R2-4 per lb.	3·50	40·00
Matches	From 7½ per cent. *ad valorem* to 12 annas per gross of boxes	9·00	1,10·00
Articles of luxury (such as motor cars, motor cycles and tyres, silk piece-goods, jewellery and jewels, clocks and watches, etc.)	From 7½ to 20 per cent. *ad valorem*	18·00	1,14·00
General Import duties (except on matches and articles of luxury)	From 7½ to 11 per cent.	25·30	3,84·00
Machinery and other articles used in cotton spinning and weaving mills	To be removed from free list	·80	10·00
	Total	70·00	8,17·00

EXPENDITURE.

Budget, 1921-22.

16. The increase of ₹11·86 lakhs in the Budget estimate for 1921-22 as compared with the Revised for the current year is due mainly to provision for the revision of the pay of establishments in the Madras (₹1 lakh), Bombay and Karachi (₹2·66 lakhs), Calcutta (₹1·08 lakhs) and Rangoon (₹3·22 lakhs) Customs offices.

II AND 2.—TAXES ON INCOME.

REVENUE.

	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	Budget, 1921-1922.
EXCESS PROFITS DUTY.	₹	₹	₹	₹	₹	£
1. India	...	...	43,504	...	...	...
2. N.-W. Frontier	...	...	96,800	...	...	...
3. Madras	...	...	21,42,128	...	40,00,000	...
4. Bombay	...	...	2,78,07,499	...	60,00,000	...
5. Bengal	...	...	5,13,82,284	25,00,000	70,00,000	...
6. United Provinces	...	...	32,76,758	1,50,000	8,00,000	...
7. Punjab	...	...	6,94,035	10,00,000	6,21,000	...
8. Burma	...	...	39,23,846	...	...	...
9. Bihar and Orissa	...	...	2,24,608	...	29,000	...
10. Central Provinces	...	...	26,68,908	33,000	..	...
11. Assam	...	...	20,124	...	1,000	...
Total	...	...	9,22,80,494	36,83,000	1,84,51,000	...
SUPER-TAX.						
1. India	88,382	1,07,556	53,468	98,000	3,71,000	3,87,000
2. N.-W. Frontier	...	15,187	19,433	26,000	26,000	26,000
3. Madras	4,78,870	24,67,516	33,99,508	30,60,000	20,00,000	62,00,000
4. Bombay	70,99,663	1,34,38,398	1,01,50,702	1,48,83,000	1,82,80,000	2,17,38,000
5. Bengal	1,31,67,811	1,26,81,997	90,06,438	1,82,49,000	2,80,00,000	2,73,00,000
6. United Provinces	5,81,979	10,88,426	8,87,591	14,93,000	15,90,000	15,00,000
7. Punjab	1,67,200	2,78,141	3,71,364	7,38,000	8,13,000	7,76,000
8. Burma	1,77,097	13,32,002	12,84,955	35,88,000	46,84,000	36,23,000
9. Bihar and Orissa	2,26,327	4,42,376	9,05,288	8,93,000	8,54,000	6,70,000
10. Central Provinces	83,881	21,942	2,56,600	5,12,000	8,00,000	6,60,000
11. Assam	88,250	7,591	17,723	1,25,000	70,000	15,000
Total	2,21,59,460	3,18,81,632	2,63,53,070	4,36,65,000	5,74,88,000	6,28,95,000
INCOME-TAX.						
1. India General—Civil	20,78,248	22,05,214	18,91,813	21,09,000	21,35,000	25,12,000
Non-Civil Departments	28,68,237	35,98,388	48,29,019	43,51,000	52,22,000	51,98,000
2. Delhi	5,90,190	7,91,719	8,07,540	9,14,000	13,73,000	13,73,000
3. Baluchistan	34,234	35,919	35,943	33,000	39,000	39,000
4. North-West Frontier	2,99,688	3,73,047	3,29,925	4,09,000	4,58,000	4,92,000
5. Madras	76,61,839	80,51,117	1,05,94,329	1,12,01,000	1,40,01,000	1,68,51,000
6. Bombay	2,07,46,327	2,55,49,837	3,46,96,785	3,71,14,000	4,33,05,000	5,31,45,000
7. Bengal	2,07,92,469	2,24,02,645	3,47,37,615	4,00,00,000	4,00,00,000	5,08,50,000
8. United Provinces	46,88,547	61,23,604	63,95,167	60,71,000	61,86,000	75,83,000
9. Punjab	34,36,364	37,54,362	44,90,189	55,00,000	48,20,000	76,68,000
10. Burma	47,30,775	65,22,674	86,83,839	89,66,000	1,12,89,000	1,19,70,000
11. Bihar and Orissa	21,66,747	23,19,499	24,54,375	25,00,000	27,00,000	37,50,000
12. Central Provinces	15,39,273	18,62,118	26,55,092	34,00,000	23,00,000	34,50,000
13. Assam	8,29,157	9,05,165	7,43,248	9,41,000	9,13,000	9,90,000
Total	7,24,62,095	8,44,95,308	11,34,44,379	12,35,09,000	13,47,41,000	16,58,71,000
Total Taxes on income	9,46,21,555	11,63,76,940	23,20,78,443	17,08,57,000	21,06,80,000	22,87,66,000
Deduct—Refunds	*8,93,964*	*12,62,953*	*77,37,263*	*42,76,000*	*1,29,02,000*	*1,04,20,000*
TOTAL REVENUE	9,37,27,591	11,51,13,987	22,43,41,180	16,65,81,000	19,77,78,000	21,83,46,000
Deduct—Share of Provincial Governments in income-tax revenue under the Devolution Rules						*3,25,39,000*
Total Revenue of the Central Government						18,58,07,000

EXPENDITURE

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	43,458	41,000	41,000
2. Delhi	5,508	4,000	4,000
3. North-West Frontier	4,439	16,000	19,000
4. Madras	1,49,341	3,56,000	4,09,000
5. Bombay	4,42,885	5,90,000	6,23,000
6. Bengal	2,66,623	3,07,000	3,96,000
7. United Provinces	2,64,601	3,76,000	5,38,000
8. Punjab	1,09,818	2,12,000	4,45,000
9. Burma	1,21,772	1,69,000	1,21,000
10. Bihar and Orissa	52,165	62,000	1,70,000
11. Central Provinces	61,732	1,00,000	2,25,000
12. Assam	4,927	6,000	5,000
Total	15,27,269	22,39,000	29,96,000
England	1,230	53,000	39,000
TOTAL EXPENDITURE R	15,28,499	22,92,000	30,35,000

REVENUE.

(*i*) *Excess profits duty.*

Revised, 1920-21. 17. The Revised estimate for 1920-21 is more than the Budget by R1,47·68 lakhs owing to collections of arrears thrown forward from the previous year.

(*ii*) *Super-Tax.*

Revised, 1920-21. 18. The Revised estimate for 1920-21 is taken at R1,38·23 lakhs more than the Budget; increases of R97·51 lakhs in Bengal, R33·97 lakhs in Bombay, and R10·96 lakhs in Burma, due generally to a rise in the incomes assessed to super-tax and to a larger yield from the flat rate of one anna per rupee at which super-tax is levied on the undivided profits of companies and firms from the 1st April 1920, will be slightly set off by a decrease of R10·60 lakhs in Madras as the result of slow progress in collections.

Budget, 1921-22. 19. Under the provisions of the Indian Finance Act of 1921 as passed by the Indian Legislatures the rates for super-tax will be raised from the 1st April 1921 in the manner shown in the following table :—

Limits of income.	PIES PER RUPEE. Old rate.	New rate.
First R50,000 over R50,000	12	12
For the next R50,000 (*i.e.*) R1 lakh to R1½ lakhs	18	18
„ R50,000 (*i.e.*) R1½ lakhs to R2 lakhs	24	24
„ R50,000 (*i.e.*) R2 lakhs to R2½ lakhs	30	30
„ R50,000 (*i.e.*) R2½ lakhs to R3 lakhs	36	36
„ R50,000 (*i.e.*) R3 lakhs to R3½ lakhs	36	42
For any excess over R3½ lakhs	36	48

In the present conditions of trade and business generally, there will be a substantial reduction in the incomes which will be assessed to super-tax in the coming year; on the other hand, large collections will be made on account of arrears carried forward from the current year. Allowing for these factors and for the enhanced rates referred to above, the gross receipts from super-tax in 1921-22 are estimated at R6,28·95 lakhs.

(*iii*) *Ordinary income-tax.*

Revised, 1920-21. 20. The Revised estimate for 1920-21 exceeds the Budget by R1,12·32 lakhs, the more important increases occurring in Bombay (R61·91 lakhs), Madras (R28 lakhs), and Burma (R23·23 lakhs). The rise is attributable to

larger profits realised in certain trades in 1919-20 which form the basis of assessments for the current year, to additions recently sanctioned to the salaries of Government servants, and to improved efficiency in assessments.

21. Under rule 15 of the Devolution rules, Provincial Governments will receive a share in the income-tax collected within their jurisdiction at the rate of three pies on each rupee brought under assessment in respect of which the income-tax assessed has been collected. In consideration of this allocation, the Provincial Governments will make fixed annual assignments to the Central Government equivalent to the amount which would have accrued to them in the year 1920-21 if the three-pie rate had been in force in that year. The following table shows the estimates for the share of revenue allocated to each Provincial Government for 1921-22 and of expenditure to be borne by it, together with the assignments to be made to the Central Government and the net addition to the Provincial revenues resulting from the arrangements for the allocation of a share of income-tax revenue :— *Budget, 1921-22.*

(In lakhs of rupees.)

	Share of Income-tax revenue creditable to Provincial Governments under rule 15 (1).	Provincial Governments' share of Income-tax establishment under rule 15 (3).	Assignments to the Central Government under rule 15 (2).	Net addition to Provincial revenues on account of the division of Income-tax revenue.
Madras	38·35	1·37	36·29	·69
Bombay	97·00	2·07	94·93	...
Bengal	93·00	1·29	91·71	...
United Provinces	21·64	1·79	18·76	1·09
Punjab	26·50	1·48	22·90	2·12
Burma	22·50	·41	22·09	...
Bihar and Orissa	11·94	·56	10·43	·95
Central Provinces	10·11	·74	9·37	...
Assam	4·35	·01	4·09	·25
TOTAL	3,25·39	9·72	3,10·57	5·10

Several provinces do not receive any addition to their resources during the next year owing to an anticipated reduction in the incomes which will be assessed to income-tax in that year as the result of the prevailing depression in trade. The assignments in these cases have been calculated so as to prevent the new arrangements resulting in a loss to Provincial revenues.

22. Under the provisions of the Indian Finance Act of 1921 as passed by the Indian Legislature, the rates of income-tax on the higher incomes will be raised from the 1st April 1921 in the manner shown in the following table :—

Limits of income.	Pies per rupee. Old rate.	New rate.
₹2,000—5,000	5	5
₹5,000—10,000	6	6
₹10,000—20,000	9	9
₹20,000—30,000	9 / 12	12
₹30,000—40,000	12	14
Over ₹40,000	12	16

Allowing for the anticipated reduction in assessable incomes mentioned above, the collection of arrears carried forward from the current year, and the proposed enhancements in the rates of the tax, the gross receipts in 1921-22 are estimated at ₹16,58·71 lakhs.

EXPENDITURE.

23. The increase of ₹7·43 lakhs in the Budget estimate for 1921-22 as compared with the Revised for the current year is due to the provision made in several provinces for the re-organisation and strengthening of income-tax establishments. *Budget, 1921-22.*

III AND 3.—SALT.

	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	Budget, 1921-1922.
REVENUE.	R	R	R	R	R	R
Northern India (*a*)	3,51,00,571	1,27,33,432	80,81,326	1,33,01,000	1,49,99,000	2,17,21,000
Madras (*a*)	1,61,98,441	1,77,72,899	1,51,53,932	1,54,31,000	1,41,54,000	1,46,95,000
Bombay (*a*)	1,73,25,271	1,91,25,389	1,71,82,357	1,86,92,000	1,98,00,000	1,36,89,000
Bengal (*b*)	1,09,13,107	1,11,77,530	1,33,59,449	1,62,00,000	1,48,00,000	1,70,00,000
Burma (*b*)	29,53,959	33,58,470	32,00,112	37,00,000	31,00,000	34,00,000
Bihar and Orissa	120	1,278	1,233	1,000	1,000	1,000
Assam	837	832	910	1,000	1,000	1,000
TOTAL	8,24,92,306	6,41,69,830	5,74,79,319	6,73,26,000	6,68,55,000	7,05,07,000
Deduct—Refunds	*2,24,467*	*66,59,831*	*3,95,405*	*3,09,000*	*53,62,000*	*4,41,000*
	8,22,67,839	5,75,09,999	5,70,83,914	6,70,17,000	6,14,93,000	7,00,66,000
CHARGES.						
Cost of salt purchased by Government	15,82,318	22,86,119	19,17,766	20,67,000	18,24,000	22,07,000
Assignments and compensations	41,35,537	30,43,514	44,46,452	40,04,000	39,99,000	39,70,000
Other charges	48,23,761	59,77,535	61,69,248	94,43,000	67,22,000	96,89,000
Total India	1,05,41,616	1,13,07,168	1,25,33,466	1,55,13,000	1,25,45,000	1,58,66,000
England	3,850	21,900	51,730	16,000	1,05,000	65,000
TOTAL	1,05,45,466	1,13,29,068	1,25,85,196	1,55,29,000	1,26,50,000	1,59,31,000
Total Consumption Mds.	4,41,85,000	5,12,22,000	4,93,94,000	5,28,37,000	4,80,56,000	5,11,42,000

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

REVENUE.

Revised, 1920-21.

24. The Revised estimate of gross revenue for the current year falls short of the Budget by Rs. 4·71 lakhs. The more important salt sources in Northern India and the Kharagoda source in Bombay were closed to fresh indents during the earlier months of the year pending the clearance of outstanding indents; the re-opening of the former to indents in August and of the latter in October resulted in heavy advance payments of duty amounting to about Rs. 90 lakhs in each case. Of the advance payments in Northern India, Rs. 50 lakhs are being refunded in the current year and provision for the payments is included under the head "Refunds" in the above table. But for these special receipts, the decline in revenue as compared with the Budget would have amounted to Rs. 1,15 lakhs; all the provinces contribute to the decrease which is due to a fall in demand owing to the large stocks carried forward from the preceding year and to issues of salt against duty credited in previous years having exceeded anticipations. Part of the decrease (Rs. 17 lakhs) is nominal, due to the non-introduction in Northern India of the new arrangements for the supply of bags on payment by Government, and is set off by an equivalent saving on the expenditure side.

Budget, 1921-22.

25. The total issues of salt in 1921-22, imported as well as locally manufactured, are taken at 5,11 lakhs of maunds. Including sale proceeds of Government salt and other miscellaneous receipts but allowing for the advance payments made in Bombay in the current year, the Budget estimate of gross revenue for 1921-22 has been placed at R7,05·07 lakhs.

EXPENDITURE.

Budget, 1921-22.

26. The Budget estimate for 1921-22 exceeds the Revised for the current year by R32·81 lakhs; part of the increase (R10 lakhs) relates to the new

arrangements for the supply of bags by Government and is set off by an increase in revenue. Special allotments have been made for further expenditure on the scheme for the extension of the Pritchard salt works (R1·09 lakhs), and the reorganisation of the non-gazetted staff of the combined salt and excise establishment (R1·81 lakhs) in Bombay, the revision of the pay of officers and establishments and increases under petty construction and repairs and *Kudivaram* payments in Madras (R6·87 lakhs), transport, storage and other improvement schemes in the Sambhar salt source (R7 lakhs) and Kohat and other mines (R1·29 lakhs), and revision of the pay of the staff of the Northern India Salt Department (R2·20 lakhs).

IV AND 4—OPIUM.

	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921.		Budget, 1921-1922.
				Budget.	Revised.	
	R	R	R	R	R	R
INDIA.						
Revenue—						
Sale of provision and medical opium .	4,02,73,194	4,25,23,327	3,92,84,669	3,75,36,000	2,99,44,000	2,87,60,000
Excise Opium and other Revenue .	59,10,344	68,13,343	62,77,543	65,94,000	62,88,000	85,26,000
TOTAL .	4,61,83,538	4,93,36,670	4,55,62,212	4,41,30,000	3,62,32,000	3,72,86,000
Deduct—Refunds .	*198*	*431*	*419*	*1,000*	*1,000*	*1,000*
	4,61,83,340	4,93,36,239	4,55,61,793	4,41,29,000	3,62,31,000	3,72,85,000
Expenditure—						
Purchase of Opium (including payments to Cultivators) .	1,49,80,342	1,77,16,583	1,11,23,467	1,52,12,000	1,02,52,000	1,31,77,000
Other Charges . .	16,83,923	19,46,339	18,91,180	22,50,000	20,12,000	20,02,000
TOTAL INDIA .	1,66,64,265	1,96,62,922	1,30,14,647	1,74,62,000	1,22,64,000	1,51,79,000
ENGLAND.						
Miscellaneous Charges .	13,950	5,960	39,850	27,000	80,000	75,000
TOTAL .	1,66,78,215	1,96,68,882	1,30,54,497	1,74,89,000	1,23,44,000	1,52,54,000

REVENUE.

(*i*) *Provision and Medical Opium.*

Revised, 1920-21.

27. The Budget Estimate for 1920-21 provided for a revenue of R3,74·40 lakhs from the sale of about 10,970 chests of opium for consumption outside India. Of this quantity 3,200 chests were to be disposed of at the monthly auctions held at Calcutta, and the balance was to be supplied to the Foreign Governments with which agreements have been entered into for the direct supply of opium at fixed prices, the countries which at present take the largest supplies in this manner being the Straits Settlements, the Netherlands Indies and Siam. As the result of a fall in the demand for opium in the Far East and the unsettled conditions in regard to exchange, only 1,535 chests have so far been sold by auction and 1,00 chests are on offer for the sale of this month. The upset price for auction sales was raised to R5,000 a chest from the 1st February 1920 ; the average price realised during the year will amount to R5,128 a chest, and the proceeds from auction sales are estimated at R83·84 lakhs, or R76·16 lakhs less than the Budget. Inclusive of receipts in respect of direct supplies which do not show any material variation from the Budget, it is now estimated that 9,659 chests will be disposed of in the current year and that they will fetch a revenue of R2,99·44 lakhs.

Budget, 1921-22.

28. The Budget estimate provides for a revenue of R2,87·60 lakhs from the sale of provision opium.

(*ii*) *Excise Opium and other revenue.*

Revised, 1920-21.

29. The Revised estimate for 1920-21 is less than the Budget by R3·06 lakhs owing to a fall in consumption in Bombay, Burma and Assam, partly as the result of an enhancement of the issue price of excise opium. The Budget estimate for 1921-22 exceeds the Revised by R22·38 lakhs in consequence of the increase of the price payable by Local Governments from R13 to R20 per seer from the 1st April 1921. Only the amount charged to local Governments on

Budget, 1921-22.

account of the cost of production of opium consumed in India is credited under this head, the difference between the actual price of issue and the cost of production forming an item of excise revenue creditable to Provincial revenues in the case of the major provinces.

EXPENDITURE.

30. The Revised estimate for 1920-21 falls short of the Budget provision by Rs. 51·45 lakhs owing to the outturn of the 1920 poppy crop in the United Provinces and the Central India States and the area settled for cultivation during the 1920-21 season in the former having fallen short of expectations. The saving would have been higher but for an increased expenditure of Rs. 3·20 lakhs owing to the revision of the pay of officers and establishments. The Budget estimate for 1921-22 provides for an expansion of the area under cultivation in both the United Provinces and the Central India States, for the increase of the price payable to cultivators in the former area to R15 per seer from the next season, and for normal expenditure in other respects.

Revised, 1920-21.

Budget, 1921-22.

V AND 5.—LAND REVENUE.

REVENUE.

(Including the portion due to Irrigation.)

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-22.
	R	R	R
1. India General	7,43,212	8,36,000	8,07,000
2. Delhi	3,51,411	4,11,000	4,08,000
3. Baluchistan	9,21,486	10,00,000	10,85,000
4. North-West Frontier	21,32,080	20,45,000	21,34,000
Deduct—Refunds	*14,963*	*28,000*	*20,000*
Total Revenue	41,33,226	42,64,000	44,14,000
Shown under V.—Land Revenue	40,31,021	41,65,000	42,98,000
Shown under XIII.—Irrigation	1,02,205	99,000	1,16,000

EXPENDITURE.

1. India General	5,25,942	5,45,000	6,09,000
2. Delhi	1,28,403	1,47,000	1,36,000
3. Baluchistan	2,89,264	3,53,000	3,59,000
4. North-West Frontier	8,42,934	10,25,000	11,37,000
Total	17,86,543	20,70,000	22,41,000
England	5,180	5,000	1,000
TOTAL EXPENDITURE	17,91,723	20,75,000	22,42,000

REVENUE.

Budget, 1921-22.

31. The increase in the Budget Estimate for 1921-22 as compared with the current year's revised occurs mainly in the North-West Frontier Province (R89,000) and Baluchistan (R85,000) and is based on the assumption of normal agricultural conditions in next year.

EXPENDITURE.

Budget, 1921-22.

32. The Budget Estimate for 1921-22 exceeds the Revised by R1·67 lakhs; provision has been made for the revision of the pay of subordinate establishments in Ajmer and Coorg (R54,000) and for the revision of the Provincial Civil Service and extra establishment in the North-West Frontier Province (R54,000).

VI AND 6.—EXCISE.

REVENUE.

	Accounts, 1919-1920.	Revised. 1920-1921.	Budget, 1921-22.
	₹	₹	₹
1. India General	31,91,289	33,73,000	33,75,000
2. Delhi	6,21,398	6,27,000	6,28,000
3. Baluchistan	7,30,615	7,03,000	7,03,000
4. North-West Frontier	8,55,164	10,49,000	10,41,000
Deduct—Refunds	*14,568*	*11,000*	*11,000*
Total	53,83,898	57,41,000	57,36,000

EXPENDITURE.

1. India General	1,53,256	1,85,000	1,71,000
2. Delhi	12,065	12,000	12,000
3. Baluchistan	14,262	17,000	18,000
4. North-West Frontier	24,717	36,000	43,000
Total	2,04,300	2,50,000	2,44,000

33. The variations are unimportant.

VII AND 7.—STAMPS.

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	5,36,695	5,35,000	6,71,000
2. Delhi	5,90,664	7,40,000	7,50,000
3. Baluchistan	1,30,104	1,91,000	1,89,000
4. North-West Frontier	8,74,553	10,10,000	10,48,000
Deduct—Refunds	*41,207*	*48,000*	*48,000*
TOTAL	20,90,269	24,28,000	26,10,000

EXPENDITURE.

1. India General :—			
(*i*) Superintendence and other charges	3,25,124	4,25,000	4,11,000
(*ii*) Credits for value of stamps supplied to Local Governments, etc.	—19,93,495	—15,07,000	—9,66,000
2. Delhi	10,489	14,000	11,000
3. Baluchistan	2,002	2,000	2,000
4. North-West Frontier	29,406	31,000	32,000
TOTAL	—16,26,474	—10,35,000	— 5,10,000
England	...	6,00,000	20,04,000
TOTAL EXPENDITURE	—16,26,474	—4,35,000	14,94,000

REVENUE.

Budget, 1921-22.

34. The increase in the Budget estimate (Rl·82 lakhs) represents normal growth in revenue.

EXPENDITURE.

Budget, 1921-22

35. The excess in the Budget for next year as compared with the current year's Revised occurs mainly in England and is due to larger outlay on the manufacture of stamps.

VIII AND 8.—FOREST.

REVENUE.

	Accounts, 1919-1920	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	18,16,573	15,35,000	21,70,000
2. Baluchistan	17,937	21,000	17,000
3. North-West Frontier	4,62,541	3,50,000	8,02,000
Deduct—Refunds	*3,068*	*2,000*	*2,000*
Total	22,93,983	19,04,000	29,87,000

EXPENDITURE.

1. India General	20,37,553	24,96,000	28,08,000
2. Baluchistan	25,314	29,000	54,000
3. North-West Frontier	3,01,453	4,50,000	6,98,000
Total	23,64,320	29,75,000	35,60,000
England	2,37,300	9,07,000	3,77,000
TOTAL EXPENDITURE	26,01,620	38,82,000	39,37,000

REVENUE.

Budget, 1921-22.

36. The Budget estimate for 1921-22 exceeds the current year's Revised by R10·83 lakhs. There will be increases of R5 lakhs in the Andamans owing to a larger demand for timber and R4·52 lakhs in the North-West Frontier Province due to the substitution of the departmental extraction of timber in certain forests for the sales of standing trees.

EXPENDITURE.

Budget, 1921-22.

37. An increase of R5·85 lakhs in India is largely set off by a decrease of R5·30 lakhs in England due to the omission of special items of expenditure incurred in the current year. The increase in India is due to the extension of the departmental extraction of timber and the provision of accommodation for increased forest staff in the North-West Frontier Province (R1·86 lakhs), to the extension of the Chatham saw mills, and the substitution of free for convict labour in the Andamans Forests (R2·63 lakhs), and to larger outlay on the Forest Research Institute at Dehra-Dun (R1·01 lakh).

IX AND 9.—REGISTRATION.

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	36,928	35,000	30,000
2. Delhi	37,732	47,000	45,000
3. Baluchistan	6,023	8,000	8,000
4. North-West Frontier	69,149	75,000	70,000
Deduct—Refunds	*80*	...	...
Total	1,49,752	1,65,000	1,53,000

EXPENDITURE.

1. India General	10,190	10,000	11,000
2. Delhi	10,646	12,000	11,000
3. Baluchistan	2,409	3,000	3,000
4. North-West Frontier	18,797	24,000	24,000
Total	42,042	49,000	49,000

38. The figures do not call for remark.

X.—TRIBUTES.

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
Imperial.			
	₹	₹	₹
1. India General	20,53,988	20,68,000	19,42,000
2. Madras	44,96,519	44,97,000	44,97,000
3. Bombay	13,64,544	13,30,000	13,50,000
4. Bengal	67,701	68,000	68,000
5. United Provinces	3,21,000	3,50,000	3,50,000
6. Punjab	1,43,607	1,44,000	1,44,000
7. Burma	4,52,180	4,52,000	26,000
8. Bihar and Orissa	1,00,749	70,000	86,000
9. Central Provinces	2,78,437	2,39,000	2,41,000
10. Assam	50,100	5,000	5,000
TOTAL	93,28,825	92,23,000	87,09,000
Deduct—Refunds	*4,26,680*	*2,25,000*	*13,000*
TOTAL INDIA	89,02,145	89,98,000	86,96,000

39. The revenue recorded under this head represents tributes received from the protected States, in several cases as a result of exchanges of territory and settlement of claims, and contributions made chiefly in lieu of former obligation to supply or maintain troops. The figures do not ordinarily show any important fluctuations from year to year except for advance payment of sums falling due in the ensuing year, or arrears and their recovery. The decrease of ₹5·14 lakhs in gross revenue in the Budget for 1921-22 is mainly due to the treatment of the tributes from the Shan States as an item of land revenue creditable to the Provincial revenues of Burma from the 1st April 1921. *Budget, 1921-22.*

XI AND XII AND 10 TO 12—RAILWAY REVENUE ACCOUNT.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
STATE RAILWAYS—	R	R	R
India	79,01,40,545	81,27,39,000	87,00,97,000
England	4,86,070	4,86,000	4,86,000
Gross Receipts	79,06,26,615	81,32,25,000	87,05,83,000
Deduct—			
India	*45,45,55,861*	*54,12,85,000*	*58,60,32,000*
England	*6,53,620*	*8,60,000*	*8,60,000*
Working Expenses	*45,52,09,481*	*54,21,45,000*	*58,69,42,000*
Surplus profits paid to Companies, etc.	*2,00,92,140*	*1,68,34,000*	*1,32,00,000*
Net Receipts	31,53,24,994	25,42,46,000	27,04,41,000
Interest and capital redemption charges—			
Annuities in purchase of Railways	3,35,75,590	3,83,71,000	4,02,90,000
Sinking Funds	25,57,070	30,96,000	34,73,000
Interest on Debt	11,30,86,332	14,23,93,000	15,80,71,000
Interest on Capital contributed by Companies	2,16,52,578	2,44,23,000	2,65,33,000
	17,08,71,570	20,82,83,000	22,83,67,000
Net Result	14,44,53,424	4,59,63,000	4,20,74,000
Other Receipts	23,74,350	26,86,000	21,22,000
Other Charges	87,26,330	31,11,000	33,46,000
Net Result	—63,51,980	—4,25,000	—12,24,000
TOTAL NET RESULT	13,81,01,444	4,55,38,000	4,08,50,000
Redemption of capital from revenue	1,06,32,430	1,09,97,000	1,13,74,000
STATISTICS—			
State Railways—			
Capital at charge at end of each year	4,99,05,76,000	5,22,44,07,000	5,38,51,86,000
Miles open on the 1st April	26,106	26,536	26,725

Revised, 1920-21.
Gross Receipts.

40. The Budget estimate of gross receipts in India for 1920-21 was placed at Rs. 83·98 crores or Rs. 4·75 crores more than the Revised estimate for 1919-20. It was based on the assumption that the ordinary passenger traffic would show a large improvement owing to the favourable agricultural prospects of the country, the greater spending power of the people, and the provision by railways of larger train services; also that goods traffic would materially develop owing to expansion of the trade of the country. Allowance was made for a decrease in earnings on account of diminution in military traffic. The Revised estimate is now placed at Rs. 81·27 crores. The decrease of Rs. 2·71 crores compared with the Budget estimate is attributable to a large decline in railway traffic owing to the partial failure of the rains in several parts of the country, general depression in trade and the restriction of train services on some railways due to shortage of coal.

Working Expenses

41. The Revised estimate of working expenses in India for 1920-21 has been adopted for Rs. 54·12 crores which is Rs. 4·07 crores more than the Budget grant. The excess is attributable mainly to the grant of increases of pay and

allowances to the superior and subordinate staff of all railways and to a rise in the prices of materials.

Surplus Profits.

42. The increase of Rs. 8·34 lakhs in the Revised Estimate is due to the larger net earnings of some railways in the last quarter of 1919-20 than anticipated in the Revised Estimate of that year upon which the Budget Estimate of surplus profits of the current year was based.

Budget, 1921-22.

Gross Receipts.

43. The Budget Estimate of gross receipts for 1921-22 under India is placed at Rs. 87 crores or an increase of Rs. 5·73 crores over the Revised of the current year. It is anticipated that both passenger and goods traffic will show a large improvement next year.

Working Expenses.

44. The Budget Estimate of working expenses for 1921-22 shows an increase of Rs. 4·47 crores over the Revised Estimate of the current year due mainly to the provision made for a large programme of renewals of permanent way and renewals and heavy repairs of locomotives and rolling stock, all of which are necessary to make good arrears which have accumulated as a result of the restriction of expenditure during the period of the war owing to the financial stringency and the impossibility of obtaining the requisite material. Provision has also been made for additional operating expenditure due to the increased traffic anticipated.

Surplus profits.

45. The large decrease of Rs. 36·34 lakhs compared with the Revised estimate for the current year under surplus profits is due to the probable net earnings of 1920-21 on which the share of surplus profits payable to companies in 1921-22 will be calculated being smaller than those of 1919-20 which formed the basis for the calculation of surplus profits paid in the current year.

Interest Charges, etc.

46. The excess under Interest on debt is explained in paragraph 64.

Other receipts.

Revised, 1920-21.

Budget, 1921-22.

47. The receipts shown under this head represent the Government share of the surplus profits of the Rohilkund and Kumaon, Southern Punjab, Amritsar-Patti and Hardwar-Dehra Railways payable under the terms of their respective contracts, and dividends on certain shares of the Ahmedabad-Dholka Railway allotted to Government in payment of expenditure incurred by it on behalf of the railway. The improvement of Rs. 9,69,000 on the Budget estimate of receipts in the current year and the decrease of Rs. 5,64,000 provided for in the Budget of 1921-22 are due mainly to the variations in the Government share of the surplus profits of the Southern Punjab Railway Company.

Other charges.

48. These consist of cost of land required by certain Railway Companies, the contracts with which provide for the free supply of land wanted for the purposes of the railways undertaken by them, and of miscellaneous items such as surveys and controlling establishments (including the Railway Board). A share of the cost of control is charged to the working expenses of each Railway Company and the recoveries thus made are adjusted by deduction from the miscellaneous expenditure. The figures are :—

	Accounts, 1919-20.	1920-21.		1921-22.
		Budget.	Revised.	Budget.
	R	R	R	R
1. Subsidised Companies—Land and Subsidy . . .	3,61,973	5,00,000	6,21,000	6,00,000
2. Miscellaneous Expenditure .	83,64,357	21,30,000	24,90,000	27,46,000
TOTAL .	87,26,330	26,30,000	31,11,000	33,46,000

Revised, 1920-21.

49. *Land and Subsidy.*—The Revised estimate shows an increase of R1,21,000 over the Budget estimate of the year which is mainly attributable to an allotment of R1,03,000 for land to be acquired for the Larkana Jacobabad Railway. The principal allotment made in 1921-22 is for the Manoharpur Chord Railway. Provision is also included for the payment of subsidy to the Arakan Light and the Bankura Damoodar River Railways.

Budget, 1921-22.

Revised, 1920-21.

50. *Miscellaneous Expenditure.*—The increase of R3,60,000 in the Revised estimate for 1920-21 over the Budget Estimate of the year is chiefly due to an excess of R2,70,000 on the Hukong valley survey and of R1,87,000 on the Frontier Railway Reserve and to a provision of R1,94,000 for the Indian Railway Committee, counterbalanced by decreases under other items of which the principal is R3,41,000 under England. The Budget for 1921-22 is made up as follows:—

Budget, 1921-22.

	R
Cost of surveys	14,42,000
Government supervision, audit and control:—	
Establishment of the Railway Board	8,30,000
,, ,, Accountant General, Railways	1,94,000
Government Inspectors and Government Examiners of Accounts	6,42,000
Surplus Establishment and Miscellaneous Charges	1,60,000
Indian Railway Committee	3,00,000
State Railways: Miscellaneous expenditure in England	7,13,000
Exchange	1,33,000
Total	44,14,000
Less—Recoveries on account of supervision	*—16,68,000*
GRAND TOTAL	27,46,000

XIII, XIV AND 14, 15 AND 16—IRRIGATION.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
Revenue—			
Works for which Capital Accounts are kept—			
(1) Productive Works—Direct Receipts—			
North-West Frontier Province	12,56,068	13,04,000	15,35,000
Portion of Land Revenue due to Irrigation—			
North-West Frontier Province	1,02,205	99,000	1,16,000
TOTAL	13,58,273	14,03,000	16,51,000
Deduct.—			
Working expenses—			
North-West Frontier Province	*8,77,614*	*9,30,000*	*10,91,000*
England	*9,210*	*73,000*	*57,000*
TOTAL	*8,86,824*	*10,03,000*	*11,48,000*
NET TOTAL	4,71,449	4,00,000	5,03,000
(2) Unproductive works—Direct Receipts—			
Baluchistan	1,09,949	1,28,000	67,000
India General	16,721	18,000	28,000
TOTAL	1,26,670	1,46,000	95,000
Deduct—			
Working Expenses—			
Baluchistan	*37,640*	*42,000*	*44,000*
India General	*83,908*	*84,000*	*1,33,000*
TOTAL	*1,21,548*	*1,26,000*	*1,77,000*
NET TOTAL	5,122	20,000	—82,000
Works for which no Capital accounts are kept—			
India General	713	3,000	3,000
Baluchistan	290	...	...
TOTAL	1,003	3,000	3,000
GRAND TOTAL	4,77,574	4,23,000	4,24,000
Expenditure—			
Irrigation Works for which Capital Accounts are kept—			
Interest on Debt—			
Productive Works—			
India General	—50,000	—44,000	...
North-West Frontier Province	9,33,915	9,60,000	9,85,000
TOTAL	8,83,915	9,16,000	9,85,000
England	50,000	51,000	...
TOTAL	9,33,915	9,67,000	9,85,000
Miscellaneous—			
India General	9,289	13,000	14.000
Baluchistan	21,261	40,000	28,000
North-West Frontier Province	7,42,458	1,03,000	89,000
TOTAL	7,73,008	1,56,000	1,31,000
Construction of works financed from ordinary revenues—			
Baluchistan	94,718	65,000	29,000
India General	16,727	9,000	31,000
TOTAL	1,11,445	74,000	60,000
GRAND TOTAL	18,18,368	11,97,000	11,76,000

51. An increase in the receipts from productive works in the North-West Frontier Province, owing to an enhancement in water rates in the Swat River Canal, is partly set off by a rise in working expenses in the same province. The figures do not otherwise show any important variations. *Budget, 1921-22.*

XV AND 18—POSTS AND TELEGRAPHS.

—	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	Budget, 1921-1922.
GROSS RECEIPTS.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.	R	R	R	R	R	R
INDIA.						
1. Postage and Message Revenue	5,23,91,597	6,20,55,045	7,28,30,379	7,47,54,000	7,17,12,000	8,40,13,000
2. Commission on money orders	76,49,308	79,56,380	97,82,027	94,00,000	1,96,00,000	1,63,00,000
3. Other Receipts	48,50,337	51,75,856	53,26,359	55,50,000	55,75,000	56,50,000
TOTAL INDIA	6,48,91,242	7,51,87,281	8,79,38,765	8,97,04,000	9,68,87,000	10,59,63,000
ENGLAND	2,30,000	...	...	...	...	...
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT	6,51,21,242	7,51,87,281	8,79,38,765	8,97,04,000	9,68,87,000	10,59,63,000
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
INDIA.						
1. Message Revenue	36,22,663	46,86,704	39,58,011	29,50,000	11,45,000	23,70,000
2. Other Receipts	11,763	75,522	98,523	—3,79,000	2,62,000	—14,000
TOTAL INDIA	36,34,426	47,62,226	40,56,534	25,71,000	14,07,000	23,56,000
ENGLAND						
1. Message Revenue	2,26,880	2,57,580	10,45,920	3,00,000	14,99,000	8,45,000
2. Other Receipts	26,240	8,130	6,350	3,20,000	2,000	3,20,000
TOTAL ENGLAND	2,53,120	2,65,710	10,52,270	6,20,000	15,01,000	11,65,000
TOTAL INDO-EUROPEAN TELEGRAPH DEPARTMENT	38,87,546	50,27,936	51,08,804	31,91,000	29,08,000	35,21,000
TOTAL GROSS RECEIPTS.	6,90,08,788	8,02,15,217	9,30,47,569	9,28,95,000	9,97,95,000	10,94,84,000
WORKING EXPENSES.						
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
INDIA.						
1. Establishment charges	3,39,90,038	3,89,62,425	4,34,87,442	4,92,77,000	6,04,16,000	6,42,61,000
2. Stationery and Printing	24,88,973	16,95,418	31,08,971	19,50,000	32,67,000	34,46,000
3. Conveyance of mails	72,59,446	76,58,621	82,80,236	97,46,000	1,05,81,000	1,19,05,000
4. Maintenance of Telegraph Lines	22,89,030	26,71,957	30,56,590	26,80,000	38,87,000	42,22,000
5. Miscellaneous	12,91,086	19,02,352	18,88,441	18,96,000	12,09,000	11,60,000
TOTAL INDIA	4,73,18,573	5,28,90,773	5,98,21,680	6,55,49,000	7,93,60,000	8,49,94,000
ENGLAND.						
1. Contribution to Eastern mail subsidy	4,57,880	4,57,880	4,57,880	4,58,000	3,40,000	3,20,000
3. Other items	39,330	34,870	68,040	1,10,000		
TOTAL ENGLAND	4,97,210	4,92,750	5,25,920	5,68,000	3,40,000	3,20,000
TOTAL INDIAN POSTAL AND TELEGRAPH DEPARTMENT	4,78,15,783	5,33,83,523	6,03,47,600	6,61,17,000	7,97,00,000	8,53,14,000
INDO-EUROPEAN TELEGRAPH DEPARTMENT INDIA AND ENGLAND						
Working expenses	21,55,719	24,24,371	31,18,035	30,92,000	32,31,000	32,96,000
TOTAL WORKING EXPENSES	4,99,71,502	5,58,07,894	6,34,65,625	6,92,09,000	8,29,31,000	8,86,10,000
NET RECEIPTS	1,90,37,286	2,44,07,323	2,95,81,944	2,36,86,000	1,68,64,000	2,08,74,000
CAPITAL OUTLAY CHARGED TO REVENUE.						
Indian Telegraph Department	17,40,688	27,15,593	63,29,242	1,42,85,000	1,66,24,000	85,47,000
Indo-European Telegraph Department	3,96,925	1,04,958	—3,15,281	11,76,000	7,16,000	12,55,000
TOTAL	21,37,613	28,20,551	60,13,961	1,54,61,000	1,73,40,000	98,02,000

GROSS RECEIPTS.

(*a*) *Indian Postal and Telegraph Department.*

52. The Revised estimate for 1920-21 exceeds the Budget by ₹71·83 lakhs. The improvement is due to the heavy commission (₹1,02 lakhs) realised on the issue of sterling money orders to cover the difference between the rate of 2*s.* per rupee at which sterling and rupees are converted for the issue of money orders and the rates at which the post offices are authorised to issue them from time to time on the basis of the current market rates. On the other hand, a fall of ₹29·50 lakhs is expected in the revenue from ordinary postal and telegraph business as the result of the present trade depression. *Revised, 1920-21.*

53. The Budget estimate for 1921-22 anticipates a recovery in the ordinary revenue, and a decrease in the receipts from commission on sterling money orders following on a reduction in the total amount of money orders to be issued in that year. *Budget, 1921-22.*

54. In accordance with the provisions of the Indian Finance Act, 1921, as passed by the Indian Legislature, the following changes will be made in the postal rates with effect from the 18th April 1921 :—

(*i*) The rates for letter postage to be altered from $\frac{1}{2}$ anna for letters not exceeding 1 tola in weight, 1 anna for letters between 1 and $2\frac{1}{2}$ tolas and 1 anna for every additional $2\frac{1}{2}$ tolas or fraction thereof to $\frac{1}{2}$ anna for letters not exceeding $\frac{1}{2}$ tola in weight, 9 pies for letters not exceeding one tola, 1 anna for letters not exceeding $2\frac{1}{2}$ tolas, and 1 anna for every additional $2\frac{1}{2}$ tolas or fraction thereof.

(*ii*) Rate for book, pattern and sample packets to be raised from half an anna for every 10 tolas to half an anna for every 5 tolas or fraction thereof.

(*iii*) The rates for registered newspapers to be altered from $\frac{1}{4}$ anna for newspapers not exceeding 8 tolas in weight and $\frac{1}{2}$ anna for papers not exceeding 40 tolas, to $\frac{1}{4}$ anna for papers not exceeding 8 tolas and $\frac{1}{2}$ anna for papers not exceeding 20 tolas.

(*iv*) Rates of money order and value payable commission to be raised to the level at which they stood up to April 1902, (*i.e.*), 2 annas up to ₹10, 4 annas up to ₹25 and for sums exceeding ₹25, 4 annas for each complete sum of ₹25 and 4 annas for the remainder, provided that if the remainder does not exceed ₹10, the charge will be only 2 annas.

Allowing for the yield of the enhanced rates, the total revenue of the Indian Postal and Telegraph Department for 1921-22 is estimated at ₹10,59·63 lakhs.

(*b*) *Indo-European Telegraph Department.*

55. The Revised estimate for 1920-21 is less than the Budget by ₹2·83 lakhs as the result of arrear payments to the civil administration, Iraq, in respect of its share of foreign message revenue for the previous year. The Budget estimate for 1921-22 provides for an improvement in traffic. *Revised, 1920-21.* *Budget, 1921-22.*

WORKING EXPENSES.

(*a*) *Indian Postal and Telegraph Department.*

56. The expenditure in 1920-21 is likely to exceed the Budget grant by ₹1,35·83 lakhs. About 13 lakhs of the increase is due to larger outlay on stationery and printing and the remainder relates almost entirely to the cost of revisions of pay of officers and establishments sanctioned during the course of the current year. *Revised, 1920-21.*

57. The Budget estimate for 1921-22 is taken at ₹56·14 lakhs more than the Revised for the current year. It includes provision for the maintenance and repairs of post office buildings, the cost of which has hitherto been adjusted *Budget, 1921-22.*

as public works expenditure, and for further revisions of pay of officers and establishments, inclusive of R10 lakhs for increase in allowances of extra-departmental agents and in pay of stamp-vendors.

(*b*) *Indo-European Telegraph Department.*

Revised, 1920-21. 58. The Revised estimate for 1920-21 is more than the Budget by R1·39 lakhs owing to revisions of pay, arrear payments for rental of the Central Persia Telegraph line and special expenditure on harbour works. *Budget, 1921-22.* The Budget for 1921-22 does not differ materially from the Revised estimate for the current year.

Capital Outlay

Revised, 1920-21. 59. The Revised estimate for 1920-21 will exceed the Budget by R18·79 lakhs. There will be a debit of R16·03 lakhs on account of the difference for exchange in respect of outlay on stores in England between the 2*s.* rate adopted for conversion in the accounts and the actual average rate of exchange during the year which is estimated at 1*s.* 9*d.*; there will also be an increased outlay of R15 lakhs on the purchase of telegraph stores in India in order to recoup stocks. The excess due to these causes will be partly set off by the saving resulting *Budget, 1921-22.* from a curtailment in the programme of works. The Budget for 1921-22 is R75·38 lakhs less than the Revised estimate for the current year. The decrease arises from the fact that in the next year's estimates provision for capital expenditure which is of a productive nature has been made outside the revenue account. The entire outlay on the Posts and Telegraph Departments inclusive of capital outlay has hitherto been charged to the revenue account. Arrangements are now being made to keep the accounts of the department on commercial principles and at the same time to transfer outside the revenue account such portion of the capital outlay as is found to be productive. Pending the preparation of complete capital accounts of past outlay and the determination of the particular items of capital outlay that should be treated as productive, expenditure on Home stores amounting to one crore has been provisionally transferred to a new head 'Capital outlay on the Indian Postal and Telegraph Department' in the capital section of the accounts. The Budget estimate includes a provision of R8 lakhs for the construction of post office and telegraph buildings the cost of which was hitherto charged to the Public Works head and allows for a debit of R22·95 lakhs on account of exchange.

XVI.—INTEREST RECEIPTS.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
INDIA.	R	R	R
1. Interest on loans and advances by the Central Government	35,96,153	35,35,000	34,89,000
2. Interest on overdrawn Capital of Railway Companies in India	5,45,148	6,79,000	10,08,000
3. Interest on advances to Railway Companies charged to Capital	22,460	1,25,000	3,75,000
4. Interest on Securities of Railway Companies' Provident Funds	31,97,828	28,12,000	27,71,000
5. Interest on the outstanding balance of the Provincial Loan Account	45,81,823	49,69,000	40,11,000
6. Interest on outlay on Irrigation Works to end of 1920-21	2,25,54,712	2,30,60,000	2,15,37,000
7. Interest on loans to Provincial Governments	...	...	4,00,000
8. Miscellaneous items	4,39,201	1,19,000	1,06,000
TOTAL INDIA	3,49,37,325	3,52,99,000	3,36,97,000
ENGLAND.			
1. Interest realised from investment of Cash Balances, etc.	36,25,580	21,31,000	12,12,000
2. Interest on advances to the Imperial Bank of Persia for the purpose of the Persian Government	2,27,710		
3. Interest on investment in Special Reserve	35,04,130		
4. Miscellaneous	4,520		
TOTAL	73,61,940	21,31,000	12,12,000
TOTAL RECEIPTS	4,22,99,265	3,74,30,000	3,49,09,000
Loans and advances outstanding on 31st March—			
1. Loans by the Central Government	8,87,25,626	8,74,50,626	8,56,27,626
2. Loans between the Central and Provincial Governments	...	...	9,33,94,000

India.

60. Provision has been made in the Budget estimate for 1921-22 for the interest payable by Provincial Governments to the Central Government in respect of the outstanding balance of the Provincial loan account and of the outlay on productive and protective irrigation works to end of the year 1920-21, as well as for interest on loans to be made by the Central Government to Provincial Governments in the coming year. The following table shows the amounts on which interest is payable and the provision for interest included in the Budget for next year :—

(In lakhs of rupees.)

	Outstanding balance of provincial loan account on the 1st April 1921.	Interest payable in 1921-22.	Outlay on irrigation works to end of 1920-21.	Interest payable in 1921-22.	Loans to be made by Central Government in 1921-22.	Interest payable in 1921-22.
Madras	1,13·35	4·94	9,17·21	31·29	70·50	...
Bombay	3,13·23	15·53	1,32·07	32·54	...	...
Bengal	...	...	1,17·61	4·04	50·00	1·75
United Provinces	2,39·39	12·71	12,28·98	42·01	23·00	·75
Punjab	...	...	30,92·36	70·60	...	...
Burma	...	...	...	...	...	...
Bihar and Orissa	60·53	2·50	6,08·66	20·35	...	...
Central Provinces	87·88	4·33	3,54·82	14·54	54·50	1·50
Assam	...	...	...	...	...	...
TOTAL	8,14·38	40·11	64,51·71	2,15·37	1,97·50	4·00

The Governments of Bengal, the Punjab and Assam will repay the entire outstanding under the Provincial loan account from the Provincial balance on the 1st April 1921, and the Government of Burma will repay on that date the outstanding under the loan account as well as the capital outlay on irrigation works ; no interest will be received in respect of these accounts from the provinces mentioned. The outlay on irrigation works shown against the Punjab in the above table is less by ₹1 crore than the estimated outlay to the end of 1920-21 ; it is proposed to make this reduction in repayment of the sum of ₹1 crore which the Government of the Punjab surrendered in 1914 in return for a fixed annual assignment of ₹3½ lakhs.

61. Apart from the transactions mentioned above, the only important variations in the Budget for next year occur in the interest on overdrawn capital of railway companies and interest charged to capital on advances, and are the result of corresponding variations in the amounts of overdrawn capital and advances.

England.

62. The interest on the investment of cash balances of the home treasury in 1921-22 will be ₹9·19 lakhs less than in the current year as it is anticipated that the cash balances available for investment will be smaller throughout 1921-22 than in 1920-21.

19 AND 20.—INTEREST EXPENDITURE AND 21.—SINKING FUNDS.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
Interest on Debt other than that charged to Railways and Irrigation Works—	R	R	R
Interest on total Debt—			
1. India	14,92,79,916	17,35,40,000	17,08,00,000
2. England	6,96,21,840	6,61,58,000	6,79,07,000
Total	21,89,01,756	23,96,98,000	23,87,07,000
Deduct—amounts charged to—			
(*a*) Railways:			
(*i*) India	*7,63,56,062*	*9,92,54,000*	*11,16,72,000*
(*ii*) England	*3,67,30,270*	*3,77,47,000*	*3,86,66,000*
Total Railways	*11,30,86,332*	*13,70,01,000*	*15,03,38,000*
(*b*) Irrigation:			
(*i*) India	*8,83,915*	*9,09,000*	*9,85,000*
(*ii*) England	*50,000*	*51,000*	...
Total Irrigation	*9,33,915*	*9,60,000*	*9,85,000*
Total deduction	*11,40,20,247*	*13,79,61,000*	*15,13,23,000*
Interest on Ordinary Debt	10,48,81,509	10,17,37,000	8,73,84,000
Interest on other Obligations—			
On Savings Bank Balances	1,40,92,437	1,94,78,000	1,95,44,000
Other items	46,18,701	41,62,000	35,33,000
TOTAL	1,87,11,138	2,36,40,000	2,30,77,000
Sinking Funds—			
(*i*) India	73,00,000	73,61,000	1,54,00,000
(*ii*) England	50,00,000	50,00,000	50,00,000
TOTAL	1,23,00,000	1,23,61,000	2,04,00,000
TOTAL	13,58,92,647	13,77,38,000	13,08,61,000
Debt outstanding on 31st March—	£	£	£
Sterling	192,631,082	192,631,082	197,631,082
Rupee Debt—	R	R	R
Permanent Debt—			
New Loan	...	...	15,00,00,000
6 per cent. Bonds 1930	...	29,34,70,000	29,34,70,000
5½ per cent. War Bonds	29,39,44,665	29,15,07,665	29,15,07,665
5 per cent. debt	45,96,52,000	45,05,39,000	43,06,39,000
4 per cent. „	17,36,92,100	17,24,87,000	17,12,87,000
3½ per cent. „	1,19,07,99,465	1,19,13,92,465	1,19,19,85,000
3 per cent. „	6,61,57,750	6,54,57,750	6,47,57,750
Other debt	1,00,13,500	1,00,13,500	1,00,13,500
Temporary Debt—			
5½ per cent. War Bonds	57,43,74,473	29,53,07,473	12,42,78,473
Treasury Bills—			
Issued to public	42,89,00,000	42,70,00,000	42,70,00,000
Issued to Paper Currency Reserve	10,09,00,000	61,26,00,000	57,1[illegible],00,000
Savings Bank Balances	41,19,82,242	45,32,04,242	19,99,35,242
Post Office Cash Certificates	5,75,31,356	4,77,56,356	4,17,56,356

Interest on Ordinary Debt.

63. In the Budget for 1921-22 provision has been made for a full year's interest on the rupee loan of ₹29 crores raised in the current year. A sum of ₹80 lakhs has been set aside for the service of the rupee loan to be floated in the coming year and ₹4,40 lakhs for discount on treasury bills; of the latter over ₹2,85 lakhs will be required for the replacement of the Indian treasury bills held in the Paper Currency Reserve exclusive of bills to the value of ₹4,07 lakhs which will be discharged by appropriation of the interest on investments in the Reserve; the balance of ₹1,55 lakhs will be available for meeting the discount on the treasury bills which it is anticipated will be sold to the public during the course of 1921-22 in replacement of those issued in the current year. Allowance has been made for the discharge of the War Bonds, 1921, amounting to over ₹15 crores which are due for payment in September next, and provision has been entered in England for the dividends due on the undischarged balance of India's share of the British war debt, as well as for the service of the sterling loan of £5 million which the Secretary of State expects to float in the coming year (₹10 lakhs).

Transfers to Railway and Irrigation Accounts.

64. The amount of interest transferred to the Railway and Irrigation sections of the accounts depends, firstly, on the capital expenditure; secondly, on the actual payment of interest on that portion of the debt which has been incurred specifically on account of the construction or purchase of Railways or irrigation works; and, thirdly, on the rate at which interest is charged on that portion of the debt which has not been specifically raised for the above or other purpose. The present procedure is to charge to railways and irrigation works, in respect of that portion of the debt which has not been incurred specifically for these works, interest on capital expenditure incurred to the end of 1916-17 at the average rate of interest paid on borrowings to the end of that year, and interest on capital outlay in subsequent years at the average rate paid on borrowings in that period.

The increase in the total amount of interest to be transferred in 1921-22 over the Revised estimate for 1920-21 is almost wholly due to the progress of capital expenditure.

Interest on other obligations.

65. The Revised estimate for 1920-21 includes arrear adjustments in consequence of the raising of the rate of interest on railway provident funds to $5\frac{1}{2}$ per cent. with retrospective effect from the 1st April 1919. The Budget for 1921-22 eliminates this adjustment, but includes an increased provision for interest charges following on the growth in the balances of provident fund and other accounts.

Sinking Funds.

66. In addition to the depreciation fund of $1\frac{1}{2}$ per cent. on the total issue in respect of the 5 per cent 1929-47 and 1945-55 loans and a sinking fund of £500,000 for the outstanding balance of India's liability in connection with the £100 million war contribution, the Budget estimate for 1921-22 includes a special sinking fund provision of ₹80 lakhs which it is intended to apply to the purchase and cancellation of scrip of the 1929-47 and 1945-55 loans.

22.—GENERAL ADMINISTRATION.

—	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	₹	₹	₹
INDIA.			
1. Salary and expenses of the Governor-General	11,38,608	11,82,000	12,01,000
2. Executive Council	5,56,532	6,01,000	6,20,000
3. Legislative Assembly and the Council of State . . .	1,80,693	1,69,000	7,78,000
4. Charges of the Secretariat and headquarters establishment .	54,54,988	74,26,000	68,94,000
5. Delhi	84,017	1,15,000	2,43,000
6. Ajmer-Merwara Administration, etc.	2,518	2,000	3,000
7. North-West Frontier Administration	4,02,701	4,25,000	4,49,000
Total .	78,20,057	99,20,000	1,01,88,000
ENGLAND.			
Home establishment and other miscellaneous charges . . .	46,89,390	65,13,000	41,87,000
GRAND TOTAL .	1,25,09,447	1,64,33,000	1,43,75,000

INDIA.

67. The Budget estimate for 1921-22 exceeds the Revised for the current year by ₹2·68 lakhs. Increases of ₹6·09 lakhs in the charges for the Legislative Assembly and the Council of State, ₹1·51 lakhs under the Legislative Secretariat due to increased establishment, and ₹1·28 lakhs in the Delhi province owing to the inclusion of a provision of ₹1·50 lakhs for the revision of the pay of subordinate establishments, is largely set off by a decrease of ₹6·84 lakhs in the cost of the other Secretariats, due to the absence of provision for the Reforms Office and officers on special duty, mainly in connection with the Reforms.

ENGLAND.

68. The Budget estimate for 1921-22 is less than the Revised for the current year by ₹23·26 lakhs. The former allows for a contribution of ₹20 lakhs from the Lords Commissioners of His Majesty's treasury towards the administrative expenses of the India Office; the corresponding recovery in the Revised estimate (₹7·20 lakhs) is shown under the receipt head "Miscellaneour." The rest of the decrease is due to the omission of special expenditure incurred in the current year in connection with the acquisition of premises for the High Commissioner for India.

23.—AUDIT.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	₹	₹	₹
1. India General	6,32,534	7,58,000	11,13,000
2. Delhi	51,863	1,05,000	94,000
3. Madras	4,17,868	5,60,000	6,11,000
4. Bombay	4,96,477	5,49,000	7,27,000
5. Bengal	5,11,254	6,75,000	7,11,000
6. United Provinces	4,34,524	5,65,000	6,23,000
7. Punjab	3,75,892	5,43,000	6,07,000
8. Burma	5,45,344	6,63,000	7,53,000.
9. Bihar and Orissa	2,89,627	3,68,000	3,90,000
10. Central Provinces	2,35,769	2,72,000	2,91,000
11. Assam	1,76,621	2,21,000	2,16,000
TOTAL INDIA	41,67,773	52,79,000	61,36,000
ENGLAND	1,23,920	3,00,000	3,29,000
Total	42,91,693	55,79,000	64,65,000

Budget, 1921-22.

69. The Budget estimate for 1921-22 includes provision for the cost of establishment in the Auditor General's office for the audit of sanctions accorded by the Governor-General in Council (₹42,000), and in the audit offices in the provinces for the verification of cancelled currency notes (₹1,53,000), and for the overhauling of the accounts of the *quasi*-commercial departments (₹38,000). The balance of the increase in the Budget is due mainly to increments to establishments under the time-scale recently sanctioned for them. The Budget under India General includes a lump provision of ₹1 lakh for temporary establishments in all audit offices.

XVII and 24—ADMINISTRATION OF JUSTICE.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	2,96,844	3,30,000	3,24,000
2. Delhi	1,81,575	1,98,000	1,81,000
3. Baluchistan	27,565	30,000	30,000
4. North-West Frontier	7,79,373	9,04,000	9,49,000
Total India	12,85,357	14,62,000	14,84,000
England	10,010	23,000	18,000
TOTAL	12,95,367	14,85,000	15,02,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	46,113	56,000	54,000
2. Delhi	26,179	25,000	24,000
3. Baluchistan	49,935	60,000	59,000
4. North-West Frontier	2,98,086	2,51,000	2,48,000
Total	4,20,313	3,92,000	3,85,000

70. The variations are unimportant.

XVIII AND 25.—JAILS AND CONVICT SETTLEMENTS.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	24,19,904	30,15,000	31,24,000
2. Delhi	78,821	91,000	92,000
3. Baluchistan	70,830	80,000	80,000
4. North-West Frontier	3,56,541	4,48,000	5,15,000
Total India	29,26,096	36,34,000	38,11,000
England	1,63,160	17,000	...
TOTAL	30,89,256	36,51,000	38,11,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	11,90,326	10,22,000	10,21,000
2. Delhi	22,326	12,000	13,000
3. Baluchistan	2,794	2,000	1,000
4. North-West Frontier	54,908	52,000	55,000
TOTAL	12,70,354	10,88,000	10,90,000

EXPENDITURE.

Budget, 1921-22.

71. The Budget estimate of expenditure for 1921-22 includes allotments of R1 lakh for reforms in the penal settlement at Port Blair and R50,000 in the North-West Frontier Province for the maintenance of prisoners confined in the jails of other provinces. The figures do not otherwise call for remark.

REVENUE.

72. The variations are unimportant.

XIX AND 26.—POLICE.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	10,48,978	10,66,000	12,68,000
2. Delhi	5,53,277	6,71,000	6,90,000
3. Baluchistan	7,94,748	9,10,000	11,40,000
4. North-West Frontier	41,03,354	44,86,000	47,14,000
Total India	65,00,357	71,33,000	78,12,000
England	79,700	83,000	52,000
TOTAL	65,80,057	72,16,000	78,64,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	10,10,711	14,43,000	12,26,000
2. Delhi	14,821	21,000	19,000
3. Baluchistan	21,439	21,000	21,000
4. North-West Frontier	1,17,706	27,000	18,000
TOTAL INDIA	11,64,677	15,12,000	12,84,000

EXPENDITURE.

Budget, 1921-22.

73. The Budget for 1921-22 exceeds the Revised estimate for the current year by R6·48 lakhs; it includes a full year's provision for the cost of revision of the pay of the police force sanctioned in the current year in Baluchistan and the North-West Frontier province and allotments for revisions to be sanctioned for the forces in Ajmer (R74,000), Bangalore (R37,000), Coorg (R27,000) and Delhi (R25,000).

REVENUE.

74. The decrease in the Budget for 1921-22 is due to the Revised estimate for the current year including arrear recoveries from Railway Companies.

XX AND 27.—PORTS AND PILOTAGE.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. Bombay	82,831	1,01,000	1,24,000
2. Bengal	26,28,690	15,30,000	19,45,000
3. Burma	2,74,651	3,63,000	3,45,000
4. Bihar and Orissa	...	8,000	8,000
TOTAL INDIA	29,86,172	20,02,000	24,22,000
England	...	...	47,000
TOTAL	29,86,172	20,02,000	24,69,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. Bombay	1,80,462	1,78,000	1,78,000
2. Bengal	12,78,662	15,95,000	16,25,000
3. Burma	5,07,389	5,01,000	5,40,000
TOTAL	19,66,513	22,74,000	23,43,000

EXPENDITURE.

Budget, 1921-22.

75. The excess of R4·67 lakhs in the Budget for the next year as compared with the current year's Revised occurs mainly in Bengal and is due to provision for a launch for pilots (R76,000), for repairs to pilot vessels (R69,000) and for enhanced prices for coal.

REVENUE.

76. The variations are unimportant.

28.—ECCLESIASTICAL.

EXPENDITURE.

	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921.		Budget, 1921-1922.
				Budget.	Revised.	
	R	R	R	R	R	R
1. India General .	1,72,913	1,68,143	2,01,442	1,68,000	1,85,000	2,12,000
2. Delhi . . .	16,047	16,981	18,065	23,000	17,000	21,000
3. Baluchistan . .	24,523	23,859	23,103	25,000	31,000	29,000
4. North-West Frontier	61,316	67,817	56,645	76,000	67,000	1,02,000
5. Madras . .	3,54,978	3,50,675	3,53,028	3,82,000	4,71,000	4,92,000
6. Bombay . .	3,75,670	3,77,867	3,73,796	3,95,000	4,47,000	5,20,000
7. Bengal . . .	1,81,113	1,92,408	1,82,587	1,98,000	2,68,000	2,55,000
8. United Provinces .	2,40,029	2,68,869	2,67,789	2,97,000	3,46,000	3,90,000
9. Punjab . . .	2,61,785	2,76,295	2,46,955	2,98,000	3,71,000	3,53,000
10. Burma . . .	1,35,100	1,26,643	1,29,432	1,62,000	1,52,000	2,08,000
11. Bihar and Orissa .	39,215	37,013	38,270	41,000	40,000	48,000
12. Central Provinces .	1,03,088	1,19,009	1,07,963	1,16,000	1,51,000	1,69,000
13. Assam . .	20,051	24,694	23,772	29,000	27,000	28,000
TOTAL INDIA .	19,85,828	20,50,273	20,22,847	22,10,000	25,73,000	28,27,000
England . . .	2,810	1,070	1,56,090	4,000	2,77,000	2,78,000
TOTAL .	19,88,638	20,51,343	21,78,937	22,14,000	28,50,000	31,05,000

77. The Budget estimate for next year exceeds the current year's Revised by R2·55 lakhs owing to provision for the full strength of ecclesiastical officers and for the revised rates of pay recently sanctioned for them. *Budget, 1921-22.*

29—POLITICAL.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	₹	₹	₹
1. India General	1,87,00,903	1,94,24,000	60,34,000
2. Delhi	4,265	3,000	1,000
3. Baluchistan	32,54,513	31,90,000	37,75,000
4. North-West Frontier	48,69,600	41,52,000	56,76,000
5. Madras	1,50,862	1,28,000	1,35,000
6. Bombay	12,52,696	12,86,000	13,33,000
7. Bengal	25,963	31,000	29,000
8. United Provinces	1,80,165	1,79,000	1,73,000
9. Punjab	6,37,932	6,35,000	6,38,000
10. Burma	12,84,933	15,26,000	16,07,000
11. Bihar and Orissa	79,279	80,000	90,000
12. Central Provinces	35,218	39,000	39,000
13. Assam	6,49,212	8,96,000	4,64,000
TOTAL INDIA	3,11,25,541	3,15,69,000	1,99,94,000
England	7,07,100	7,69,000	9,69,000
TOTAL	3,18,32,641	3,23,38,000	2,09,63,000

Revised, 1920-21.

78. The Revised estimate for the current year includes ₹72 lakhs for the Indian moiety of the cost of the South Persia Rifles and ₹47·50 lakhs and ₹10·34 lakhs respectively on account of special political expenditure in Persia and charges in connection with pilgrimage to the Hedjaz No expenditure on these accounts is anticipated in 1921-22. Excluding these items, the Budget for next year is ₹16·09 lakhs more than the Revised. The increase occurs in Baluchistan and the North-West Frontier Province and is due to provision for the re-organisation of the frontier militias and revision of their pay and to their being under strength in the current year. The saving in Assam (₹4·82 lakhs) is nominal and is due to the Central Government's contribution to the cost of one battalion of the military police in that province which is now adjusted under this head, being provided for under the head "Miscellaneous Adjustments between the Central and Provincial Governments" in the Budget for next year.

Budget, 1921-22.

30.—SCIENTIFIC DEPARTMENTS.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. Survey of India	24,26,930	32,79,000	36,72,000
2. Botanical Survey	89,900	1,00,000	1,63,000
3. Geological Survey	2,86,035	3,61,000	4,07,000
4. Meteorological Survey	4,49,079	4,96,000	5,62,000
5. Archæological Survey	3,89,673	4,51,000	15,21,000
6. Zoological Survey	1,18,922	1,11,000	1,39,000
7. Museums	43,684	58,000	64,000
8. Mines Department	1,28,317	1,63,000	2,80,000
9. Hydro-Electric Survey	46,785	1,31,000	33,000
10. Grant to Indian Institute of Science	...	88,000	1,50,000
11. Grant to Bose Research Institute	...	...	78,000
12. Other items	4,087	36,000	38,000
Total India	39,83,412	52,74,000	71,07,000
England	5,07,470	15,12,000	12,40,000
Total	44,90,882	67,86,000	83,47,000

Budget, 1921-22.

79. The expenditure in 1921-22 will be R15·61 lakhs more than the Revised for the current year. The more important reasons for the excess are : (*a*) the revision of pay of officers and establishments in the Survey of India (R3·93 lakhs), (*b*) provision for the conservation of ancient monuments, the expenditure on which was hitherto adjusted as provincial expenditure under the Public Works head (R8 70 lakhs) and for the reorganisation of the Archæological Department (R1·18 lakhs), (*c*) revision of the pay of establishments and increase in the number of superior officers in the Mines Department (R2·80 lakhs), and (*d*) provision for an increased grant to the Institute of Science, Bangalore, and the Bose Research Institute in Calcutta. The latter item has hitherto been adjusted as an assignment to the Provincial revenues of Bengal. The excess due to the above causes is partly set off by a reduction in the outlay on stores in England and on the Hydro-electric survey the cost of which, in so far as it relates to the provinces, will be borne in future by the Provincial Governments concerned.

XXI AND 31.—EDUCATION.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India, General	8,48,431	9,06,000	8,55,000
2. Delhi	2,98,333	3,41,000	4,55,000
3. Baluchistan	1,47,263	1,98,000	2,95,000
4. North-West Frontier	8,81,295	9,81,000	12,09,000
5. Bombay	...	25,000	25,000
6. United Provinces	...	2,00,000	2,00,000
7. Punjab	53,047	28,000	28,000
8. Central Provinces	35,053	36,000	37,000
Total	22,63,422	27,15,000	31,04,000
England	1,63,240	2,32,000	2,22,000
TOTAL	24,26,662	29,47,000	33,26,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India, General	48,129	47,000	50,000
2. Delhi	15,045	15,000	12,000
3. Baluchistan	21,373	23,000	23,000
4. North-West Frontier	26,816	27,000	27,000
TOTAL	1,11,363	1,12,000	1,12,000

EXPENDITURE.

Budget, 1921-22.

80. The Budget estimate for 1921-22 exceeds the Revised for the current year by R3·79 lakhs owing mainly to increased provision for grants to educational institutions and scholarships in the North-West Frontier Province, Baluchistan and Delhi.

REVENUE.

81. The figures do not call for remark.

XXII AND 32.—MEDICAL.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	₹	₹	₹
1. India General	9,82,571	12,29,000	14,97,000
2. Delhi	2,88,457	3,03,000	2,96,000
3. Baluchistan	1,42,176	1,98,000	3,28,000
4. North-West Frontier	1,93,187	4,05,000	3,99,000
TOTAL INDIA	16,06,391	21,35,000	25,20,000
England	60,860	1,36,000	3,42,000
TOTAL	16,67,251	22,71,000	28,62,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	₹	₹	₹
1. India General	19,150	23,000	22,000
2. Delhi	5,483	6,000	6,000
3. Baluchistan	767	5,000	...
4. North-West Frontier	741	1,000	1,000
TOTAL INDIA	26,141	35,000	29,000
England	1,460	2,000	1,000
TOTAL	27,601	37,000	30,000

EXPENDITURE

Budget, 1921-22.

82. The Budget for 1921-22 exceeds the Revised for 1920-21 by ₹5·91 lakhs owing to increased provision for Bacteriological Officers, for equipment for hospitals in Baluchistan and for stores obtained from England.

REVENUE.

83. The figures do not call for remark.

XXIII AND 33.—PUBLIC HEALTH.

EXPENDITURE.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
1. India General	18,19,741	24,20,000	10,68,000
2. Delhi	49,754	2,07,000	1,31,000
3. Baluchistan	13,784	17,000	19,000
4. North-West Frontier	2,04,408	2,14,000	2,30,000
5. Madras	...	...	14,000
6. Bengal	...	...	4,000
7. Bihar and Orissa	...	3,000	3,000
TOTAL INDIA	20,87,687	28,61,000	14,69,000
England	45,290	26,000	29,000
Total	21,32,977	28,87,000	14,98,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	2,46,286	6,00,000	5,97,000
2. North-West Frontier	35	...	...
TOTAL	2,46,321	6,00,000	5,97,000

EXPENDITURE.

Budget, 1921-22.

84. The decrease of R13·89 lakhs in the Budget estimate for the next year is due mainly to the absence of a special payment to the Indian Research Fund (R7·50 lakhs) included in the Revised for the current year and to a reduced provision for expenditure on account of the Central Health Board (R4·50 lakhs).

REVENUE.

85. The figures do not call for remark.

XXIV AND 34.—AGRICULTURE.

EXPENDITURE.

	Accounts, 1919-1920.	Revised. 1920-1921.	Budget. 1921-1922.
	R	R	R
1. India General	12,87,424	15,45,000	15,99,000
2. Delhi	22,779	27,000	29,000
3. Baluchistan	56,749	58,000	1,04,000
4. North-West Frontier	1,00,432	1,17,000	1,48,000
TOTAL INDIA	14,67,384	17,47,000	18,80,000
England	14,380	40,000	44,000
TOTAL	14,81,764	17,87,000	19,24,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	3,83,622	3,40,000	3,44,000
2. Baluchistan	10,148	15,000	24,000
3. North-West Frontier	8,538	7,000	7,000
TOTAL	4,02,308	3,62,000	3,75,000

Budget, 1921-22.

86. The Budget estimate of expenditure for 1921-22 includes special allotments for a Central Cotton Committee in Bombay (R50,000), for increased gazetted staff at Pusa (R40,000) and for larger purchases of agricultural publications (R20,000). The figures in the above table do not otherwise call for remark.

XXV AND 35.—INDUSTRIES.

EXPENDITURE.

	Revised, 1920-21.	Budget, 1921-22.
	R	R
1. Acetone Factory, Nasik	4,75,000	5,27,000
2. Electrical Adviser	...(a)	43,000
4. School of Mines and Geology	33,000	50,000
5. Other items	16,000	77,000
TOTAL INDIA	5,24,000	6,97,000
England	5,000	8,000
Total	5,29,000	7,05,000

(a) Included under the head "Civil Works".

87. The Budget for 1921-22 under the head "Other items" includes a grant of R53,000 for the development of the glass industry. The figures do not otherwise call for remark.

REVENUE.

	Revised, 1920-21.	Budget, 1921-22.
	R	R
India General	3,00,000	4,00,000

88. The variation is not important.

36.—AVIATION.

EXPENDITURE.

	Revised, 1920-21.	Budget, 1921-22.
	R	R
India General	4,00,000	66,000
England	10,000	9,000
Total	4,10,000	75,000

89. The Budget for 1921-22 provides only for essential expenditure in view of the financial situation.

37.—MISCELLANEOUS DEPARTMENTS.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
Census	24,015	15,78,000	27,40,000
Bureau of Commercial Intelligence	2,26,688	2,50,000	4,03,000
Imperial Library	52,148	50,000	72,000
Emigration	1,51,142	1,37,000	1,91,000
Examinations	53,251	67,000	56,000
Chief Inspector of Explosives	82,844	90,000	78,000
Controller of Patents and Designs	49,461	55,000	48,000
Actuary to the Government of India	30,618	25,000	31,000
Registrar, Joint Stock Companies	1,37,770	1,70,000	1,95,000
Indian War Memorial	43,903	16,000	8,000
Metallurgical Institute	...	50,000	1,00,000
Government Test House, Alipore	...	95,000	1,23,000
Indian Stores Department	...	...	8,00,000
Ethnographical Survey	2,127	1,000	16,000
Purchase of Java Quinine	22,24,210	...	...
Miscellaneous	4,91,328	1,19,000	1,49,000
TOTAL INDIA	35,69,505	27,03,000	50,10,000
England	30,200	22,000	17,000
Total	35,99,705	27,25,000	50,27,000

XXVI.—MISCELLANEOUS DEPARTMENTS.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
Total Revenue	6,07,057	8,31,000	10,19,000

EXPENDITURE.

90. The Budget estimate for 1921-22 exceeds the Revised for the current year by R23·02 lakhs. It includes provision (*i*) for increased expenditure on the census operations (R11·62 lakhs), (*ii*) for the reorganization of the Commercial Intelligence Department and the opening of Commercial Intelligence Offices at Bombay, Karachi and Rangoon (R1·53 lakhs), (*iii*) for the new stores organization to be established in India in pursuance of the recommendations of the Indian Stores Committee (R8 lakhs), and (*iv*) for minor increases in the charges for emigration, the Metallurgical Institute and the Government Test-House.

REVENUE.

91. The increase of R1·88 lakhs in the Budget estimate for 1921-22 as compared with the current year's Revised is due to the recoveries on account of departmental charges expected in respect of purchases to be made through the new stores organization (R3 lakhs), partly set off by a decrease in the receipts from the registration of joint-stock companies (R1 lakh).

XXVII AND 38.—CURRENCY.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. Currency Department	16,56,497	18,29,000	19,05,000
2. Allowance to the Imperial Bank of India	7,20,879	7,64,000	7,00,000
3. Charges for remittance of treasure	6,43,170	7,64,000	6,52,000
4. Loss by exchange on local transactions	2,16,475	10,000	14,000
5. Other charges	1,525	1,000	1,000
TOTAL INDIA	32,38,546	33,68,000	32,72,000
England	15,06,980	50,20,000	32,28,000
TOTAL EXPENDITURE	47,45,526	83,88,000	65,00,000

REVENUE.

1. Profits on Note circulation	66,70,420	85,15,000	...
2. Premium on Bills	4,99,665	5,20,000	1,55,000
3. Value of old Currency Notes assumed to be no longer in circulation	65,510	46,000	44,000
4. Other miscellaneous receipts	31,091	15,000	15,000
TOTAL INDIA	72,66,686	90,96,000	2,14,000
England	2,30,63,570	1,24,20,000	...
TOTAL REVENUE	3,03,30,256	2,15,16,000	2,14,000

EXPENDITURE.

(*a*) *India.*

Budget, 1921-22.

92. The Budget estimate of expenditure in India for 1921-22 is taken at R96,000 less than the current year's Revised estimate, decreases of R1·12 lakhs and R64,000 respectively in the charges for the remittance of treasure and the allowance payable to the Imperial Bank of India for the conduct of Government business owing to the discontinuance of payments for treasury work being partly set off by an excess of R76,000 in the provision for the Currency Department owing to the formation of a separate office of Deputy Controller of the Currency for Northern India.

(*b*) *England.*

93. The Budget estimate for 1921-22 in England provides for normal outlay on note forms, the Revised estimate for the current year including arrear payments.

REVENUE.

Budget, 1921-22.

94. The Budget estimate of revenue for 1921-22 is taken at R2·14 lakhs only. No credit is taken for interest on investments on behalf of the Paper Currency Reserve as, under section 13 of the Indian Paper Currency (Amendment) Act XLV of 1920, the interest is earmarked for the reduction of created securities in the Paper Currency Reserve. In consequence of the transfer to the Imperial Bank of India of the resource work at places where there are offices of the Bank, the issue of bills and telegraphic transfers between such places will be undertaken by the Bank in future, and this accounts for the reduction of R3·65 lakhs in the receipts from premium on bills.

XXVIII AND 39.—MINT.

	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	Budget, 1921-1922.
REVENUE.	R	R	R	R	R	R
INDIA.						
1. Percentage chargeable on coinage of new rupees	43,15,269	1,04,02,804	74,88,568	10,00,000	13,60,000	...
2. Profit on circulation of—						
(*a*) Nickel coins	22,56,321	1,49,78,811	1,71,41,867	80,00,000	48,00,000	40,00,000
(*b*) Bronze coins, etc.	4,70,417	14,72,882	14,09,847	10,00,000	...	5,00,000
3. Fees for coining dollars, etc.	2,22,419	1,23,478	2,45,650	...	4,77,000	...
4. Other items	4,96,585	4,23,642	5,12,591	1,93,000	4,52,000	2,59,000
TOTAL	77,61,011	2,74,01,117	2,67,98,523	1,01,93,000	70,89,000	47,59,000
England	...	730	590	...	1,000	...
TOTAL	77,61,011	2,74,01,847	2,67,99,113	1,01,93,000	70,90,000	47,59,000
EXPENDITURE.						
INDIA.						
1. Establishment charges	11,18,659	18,52,453	20,91,913	12,98,000	13,67,000	12,58,000
2. Purchase of stores	4,68,335	9,62,177	11,75,776	6,95,000	6,27,000	6,27,000
3. Loss on bronze coinage	...	...	...	...	...	...
4. Loss on re-coining old silver coins	3,00,686	1,28,847	1,11,979	5,87,000	3,78,000	3,27,000
5. Other coinage losses	3,09,637	9,68,198	9,01,106			
6. Charges for gold mint	...	95,186	...	50,000	...	...
7. Electrification of Bombay Mint	...	...	...	3,00,000	...	1,10,000
TOTAL	21,97,317	40,16,861	42,80,774	29,30,000	23,72,000	23,02,000
England	2,08,940	3,80,190	6,23,060	6,28,000	6,76,000	2,24,000
TOTAL	24,06,257	43,97,051	49,03,834	35,58,000	30,48,000	25,26,000
TOTAL NET REVENUE	53,54,754	2,30,04,796	2,18,95,279	66,35,000	40,42,000	22,33,000

REVENUE.

95. The Revised estimate for the current year is less than the Budget by R31·03 lakhs. The profit on subsidiary coinage will be less by R42 lakhs owing to a decline in the demand in consequence of the depressed trade conditions. On the other hand, seignorage on rupee coinage will exceed the Budget by R3·60 lakhs, owing to the uncoined balance of silver at the end of 1919-20 having been in excess of anticipations; the operative gains included under "other items" show an increase of R2·59 lakhs and there will be an increased receipt of R4·77 lakhs in respect of recoinage undertaken for the Straits Government. *Revised, 1920-21.*

96. The Budget estimate for 1921-22 is taken at R23·31 lakhs less than the Revised estimate for 1920-21. Provision is made for a moderate profit of R5 lakhs from the circulation of subsidiary coinage, but no receipt is anticipated from seignorage on rupee coinage or from coinage for other Governments. *Budget, 1921-22.*

EXPENDITURE.

97. The saving of R5·10 lakhs in the Budget allotment for the current year is the result of a decrease of R2·09 lakhs in operative losses and of the non-utilisation of the provision for the gold mint and the electrification of the Bombay Mint, due in the former case to the postponement of the re-opening of the gold mint in view of the present conditions of the rupee-sterling exchange. The Budget for 1921-22 includes provision for normal expenditure on coinage and an allotment of R1·10 lakhs for the electrification of the Bombay Mint. *Revised, 1920-21.* *Budget, 1921-22.*

XXIX AND 40.—EXCHANGE.

	Accounts, 1917-18.	Accounts, 1918-19.	Accounts, 1919-20.	1920-21.		Budget. 1921-22.
				Budget.	Revised	
	₹	₹	₹	₹	₹	₹
Revenue . . .	4,71,77,799	7,25,16,177	...	...	...	...
Expenditure . .	...	...	...	...	2,63,30,000	3,28,54,000

98. Since the 1st April 1920, the accounts have been prepared on the basis of the rate of 2*s.* per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee has however fluctuated largely during the year; the average rate for the year is expected to work out at about 1*s.* 9*d.*, the highest value touched being 2*s.* $3\frac{3}{4}$*d.* on the 15th April 1920 and the lowest about 1*s.* 3*d.* In consequence of these wide variations from the 2*s.* rate, large sums have to be brought to account as gains or losses in respect of transactions involving the remittance of funds to and from the Secretary of State.

99. The following table shows the losses by exchange in respect of remittance and allied transactions which are expected to be brought to account in the current and next years, the estimates being based on the assumption of an average rate of exchange of 1*s.* 9*d.* for the current and 1*s.* 8*d.* for next year:—

	(In lakhs of Rupees). 1920-21.	1921-22.
(*i*) Loss on realisation of sterling securities in the Paper Currency Reserve	17,00	...
(*ii*) Loss on war disbursements in India recoverable from His Majesty's Government and other military transactions	6,67	3,80
(*iii*) Loss due to sale of reverse bills on London at over 2*s.* per rupee	2,44	...
(*iv*) Loss in connection with cancellation of the overbuying guarantee	1,67	...
(*v*) Loss in respect of gold purchases, acquisition and sales	1,22	...
(*vi*) Loss on rupee coinage	92	...
(*vii*) Loss on sterling money order and other miscellaneous transactions	45	—28
Total .	30,37	3,52

100. The losses expected in the current and next years in respect of remittance transactions are shown against items (*i*) to (*iii*) and (*vii*) in paragraph 99. The loss of ₹17 crores shown against item (*i*) represents the payment made to the Paper Currency Reserve on account of the difference between the rupee value at the 2*s.* rate of the sterling securities which the Secretary of State withdrew from the reserve in the first half of the year in order to meet reverse bills on London and the value at 1*s.* 4*d.* the rupee at which the securities were held in the reserve. The sterling securities in the Currency Reserve which were not withdrawn for the above purpose as well as the gold held in it were revalued at the 2*s.* rate on the 1st October 1920 in accordance with the provisions of the Indian Paper Currency (Amendment) Act XLV of 1920, and the payment to the reserve in respect of the difference in valuation was made in the form of Indian treasury bills of the value of ₹18,40 lakhs issued to the reserve.

The loss shewn against item (*iv*) represents the amount paid to the British Exchange Banks in settlement of the overbuying guarantee. The Secretary of State undertook to sell, within a year after the termination of the war, Councils to the extent to which the British Banks were overbought in consequence of their having provided the necessary finance for exports of national importance during the war at the rates of exchange at which the finance was provided. The guarantee has been liquidated by

weekly payments of the difference between the rupee equivalent at the guaranteed rate and at the average maximum and minimum rate for telegraphic transfers on London on the day of liquidation.

The amount shewn against item (*v*) represents the loss on sales of gold to the public (R2,11 lakhs) until their discontinuance in September, counterbalanced by a gain of 79 lakhs on gold purchased by the Secretary of State and 10 lakhs on gold acquired under the Gold Import Act prior to the withdrawal on the 21st June 1920 of restrictions on the imports of gold.

The loss against item (*vi*) represents the difference between the purchase price and outturn value of silver purchased last year but left uncoined at the end of the year.

101. It has been decided with the approval of the Secretary of State to adopt with effect from the current year the following revised procedure for the adjustment of exchange gains and losses attributable to the revenue and capital accounts All exchange gains and losses arising in respect of remittance transactions will be recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England will be calculated on the basis of the average telegraphic transfer rate from Calcutta on London during the year and will be transferred to these accounts; and it will be considered with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers are made should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. It has also been decided that the portion of the exchange gain or loss attributable to the revenue account which relates to outlay in England on behalf of commercial services (Railways, Irrigation works and Posts and Telegraphs) and to expenditure of Provincial Governments should be debited to the commercial heads and Provincial Governments concerned, the balance of the gain or loss pertaining to the revenue account being shown under the general revenue or expenditure head "Exchange".

102. The following table shows the amounts chargeable to the revenue and capital heads during the current and next years on account of losses from exchange and the balance remaining under the suspense head after such allocation :—

	(In lakhs of rupees.) 1920-21.	1921-22.
Transferred to—		
Capital heads (Railways, Irrigation and Delhi)	2,73	2,89
Provincial Governments	... (*a*)	66
Commercial revenue heads (Railways, Irrigation and Posts and Telegraphs)	1,51	2,14
General expenditure head "Exchange"	2,64	3,28
Total transfers	6,88	8,97
Unadjusted loss under suspense head	23,49	...
Appropriation of loss to revenue and capital in excess of actual loss on remittances	...	5,45
Net loss under suspense head for two years together	18,04	

Taking into account a gain of R5,23 lakhs which accrued in 1919-20, there will be an outstanding balance of R12,81 lakhs under the suspense head at the end of 1921-22 awaiting clearance in subsequent years.

(*a*) The transfers to the Provincial Governments in the current year are shown under the head "Transfers between Imperial and Provincial Revenues."

XXX AND 41.—CIVIL WORKS.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. India General	10,89,131	9,85,000	18,34,000
2. Delhi	15,99,3[illegible]2	25,57,000	22,35,000
3. Baluchistan	13,57,450	13,69,000	12,85,000
4. North-West Frontier	21,45,363	28,15,000	29,09,000
5. Madras	4,52,231	3,82,000	2,92,000
6. Bombay	8,52,231	15,00,000	8,13,000
7. Bengal	13,17,701	18,40,000	10,02,000
8. United Provinces	9,08,943	14,32,000	12,34,000
9. Punjab	36,90,557	33,25,000	14,88,000
10. Burma	2,25,214	1,90,000	2,47,000
11. Bihar and Orissa	2,37,691	2,29,000	3,31,000
12. Central Provinces	9,16,348	10,12,000	11,16,000
13. Assam	50,780	54,000	2,18,000
TOTAL INDIA	1,48,43,032	1,76,90,000	1,50,04,000
England	1,29,430	1,22,000	99,000
TOTAL	1,49,72,462	1,78,12,000	1,51,03,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	44,133	21,000	16,000
2. Delhi	1,63,046	1,20,000	1,20,000
3. Baluchistan	37,488	85,000	45,000
4. North-West Frontier	1,69,538	1,72,000	1,67,000
5. Madras	19,885	21,000	21,000
6. Bombay	80,359	41,000	43,000
7. Bengal	1,38,023	1,62,000	1,12,000
8. United Provinces	56,948	84,000	59,000
9. Punjab	1,88,933	3,27,000	3,67,000
10. Burma	19,407	19,000	12,000
11. Bihar and Orissa	28,893	33,000	22,000
12. Central Provinces	56,729	56,000	53,000
13. Assam	1,062	1,000	1,000
TOTAL INDIA	10,04,444	11,42,000	10,38,000

EXPENDITURE.

103. The total grant for 1921-22 has been fixed at R1,08·45 lakhs, exclusive of R4·09 lakhs allotted for expenditure in the Civil Department, mostly in the several minor administrations, and of sums aggregating R38·49 lakhs to be spent by the Administrations of the North-West Frontier Province (R28 lakhs) and Baluchistan (R10·49 lakhs). The total budget for 1921-22 is less than the Revised estimate for 1920-21 by R28·28 lakhs. The decrease is due mainly to the curtailment of expenditure in view of the present financial situation; part of the decrease is nominal and is due to the transfer of provision for Post and Telegraph works to the head "Posts and Telegraphs."

104. The purposes to which the grant of R108·45 lakhs mentioned in the preceding paragraph will be applied are shown below :—

(A) ORDINARY GRANT.

	In lakhs of rupees.
(1) Establishment and miscellaneous charges	15·27
(2) Repairs	27·80
(3) Works in progress	23·47
(4) New works—	
(*a*) Costing up to R10,000	8·58
(*b*) Costing over R10,000	7·62
(5) Reserve for unforeseen expenditure	8·72
	91·46(*a*)

(*a*) Includes R0·99 lakhs for expenditure in England.

(B) DELHI PROVINCE.

(1) Works in progress	1·55
(2) New works—	
(*a*) Costing up to R10,000	2·00
(*b*) „ over R10,000	0·20
(3) Repairs	9·20
(4) Establishment and miscellaneous charges	2·74
(5) City extension improvement scheme	1·30
	16·99
Total	1,08·45

105. The more important works for which funds are being provided out of the ordinary grant are stated below :—

Province.	Name of work.	Amount of grant.
	In progress.	
Bombay	Office and residential buildings in connection with Salt works at Bhandup	R 1,00,000
	Pipe line water supply from Karachi to Maurypur Salt works	1,40,000
Rajputana	New Government High School at Ajmer	1,30,000
Simla	Clerks' quarters	1,64,500
	Council Chamber for the Legislative Assembly	5,64,500
	Quarters for non-official members of Council	1,12,000
Central India	Submerged bridge at Khalghat over the Narbada river on the Agra-Bombay road	1,20,000
	New works.	
Dehra Dun	Buildings for the Economic branch of the Forest Research Institute at Dehra Dun	4,49,000
Bihar and Orissa	Buildings for the enlargement of the Agricultural Research Institute at Pusa.	1,61,500

REVENUE.

106. The variations are unimportant and do not call for remark.

42.—WATERWAYS AND EMBANKMENTS.

—	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
North-West Frontier Province	...	...	3,000
Madras	2,705	3,000	5,000
TOTAL	2,705	3,000	8,000

107. The figures do not call for any remark.

43.—FAMINE RELIEF AND INSURANCE.

—	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
India General	26,306	...	...
North-West Frontier Province	...	20,000	20,000
TOTAL	26,306	20,000	20,000

108. The figures do not call for remark.

44.—TERRITORIAL AND POLITICAL PENSIONS.

	Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921.		Budget, 1921-22.
				Budget.	Revised.	
	R	R	R	R	R	R
1. India General	1,09,792	1,08,037	1,14,418	1,22,000	1,09,000	1,09,000
2. Delhi	45,090	44,340	41,641	48,000	52,000	51,000
3. Baluchistan	36,500	49,844	41,068	38,000	38,000	37,000
4. North-West Frontier	41,313	77,775	57,359	60,000	60,000	60,000
5. Madras	2,90,101	2,75,777	2,91,799	2,80,000	2,81,000	2,81,000
6. Bombay	4,35,993	4,67,280	4,83,763	4,63,000	4,63,000	4,52,000
7. Bengal	7,12,113	6,93,011	6,09,984	6,62,000	6,05,000	6,05,000
8. United Provinces	7,35,697	7,47,412	7,41,913	7,68,000	7,39,000	7,78,000
9. Punjab	69,061	69,825	66,561	70,000	70,000	77,000
10. Burma	1,22,079	1,26,482	1,68,576	1,69,000	1,69,000	1,93,000
11. Bihar and Orissa	73,749	55,317	47,604	53,000	51,000	54,000
12. Central Provinces	1,69,039	1,70,124	1,69,427	1,72,000	1,70,000	1,70,000
13. Assam	7,124	8,301	8,336	8,000	8,000	9,000
TOTAL INDIA	28,47,651	28,93,525	28,42,499	29,23,000	28,15,000	28,76,000
England	1,04,300	—76,780	1,78,110	1,11,000	1,06,000	1,13,000
TOTAL	29,51,951	28,16,745	30,20,609	30,34,000	29,21,000	29,89,000

109. The variations are unimportant and do not call for remark.

XXXIII AND 45.—SUPERANNUATION ALLOWANCES AND PENSIONS.

EXPENDITURE.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
1. India General	14,34,367	15,17,000	15,86,000
2. Delhi	2,50,861	2,52,000	2,52,000
3. Baluchistan	38,020	35,000	34,000
4. North-West Frontier	2,15,317	2,38,000	2,66,000
5. Madras	41,112	41,000	2,07,000
6. Bombay	36,685	51,000	60,000
7. Bengal	73,011	69,000	2,30,000
8. United Provinces	18,370	19,000	1,89,000
9. Punjab	18,740	19,000	1,32,000
10. Burma	88	1,60,000	67,000
11. Bihar and Orissa	3,779	4,000	14,000
12. Central Provinces	...	...	70,000
13. Assam	22,178	27,000	27,000
TOTAL INDIA	21,52,528	24,32,000	31,34,000
England	2,04,74,040	2,10,36,000	2,07,99,000
TOTAL	2,26,26,568	2,34,67,000	2,39,33,000

REVENUE.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
1. India General	3,35,239	4,25,000	4,26,000
2. Delhi	5,146	5,000	5,000
3. Baluchistan	7,907	8,000	8,000
4. North-West Frontier	25,340	21,000	22,000
5. Madras	90,501	82,000	85,000
6. Bombay	1,21,195	1,48,000	1,56,000
7. Bengal	1,85,569	1,95,000	1,97,000
8. United Provinces	1,35,338	1,00,000	2,03,000
9. Punjab	91,480	71,000	71,000
10. Burma	70,037	59,000	81,000
11. Bihar and Orissa	70,384	48,000	48,000
12. Central Provinces	49,325	38,000	43,000
13. Assam	26,652	22,000	26,000
TOTAL INDIA	12,14,113	12,22,000	13,71,000
England	4,43,490	4,08,000	3,89,000
TOTAL	16,57,603	16,30,000	17,60,000

EXPENDITURE.

110. The Budget estimate for 1921-22 is more than the current year's Revised by R4·66 lakhs, an excess of R7·02 lakhs in India being partly set off by a decrease of R2·36 lakhs in England. The Budget for India provides for the increases to small pensions recently sanctioned and for new pensions to employés of the Central Government to be sanctioned in the coming year. *Budget, 1921-22.*

REVENUE.

111. The increase of R1·30 lakhs in the Budget for the next year as compared with the current year's Revised occurs mainly in the United Provinces; normal provision has been made for recoveries under the Indian Civil Service family pension regulations in that province, the current year's provision being low owing to the absence of officers on leave. *Budget, 1921-22.*

XXXIV AND 46.—STATIONERY AND PRINTING.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. Central Stationery Office	3,06,883	3,34,000	3,37,000
2. Stationery purchased for Central stores	1,16,34,350	1,17,14,000	90,64,000
3. Government Presses (mainly Calcutta, Simla and Delhi)	33,65,399	31,02,000	37,73,000
4. Other charges	15,771	17,000	13,000
5. *Deduct*—Value of supplies to Local Governments and Administrations and to Postal and Telegraph Department, etc.	—92,76,647	—90,02,000	—84,98,000
6. Delhi	18,248	11,000	18,000
7. Baluchistan	2,822	3,000	3,000
8. North-West Frontier Province	1,32,118	1,46,000	1,86,000
9. Expenditure of offices subordinate to the Central Government in major provinces	15,190	46,000	3,94,000
TOTAL INDIA	62,15,134	63,71,000	52,90,000
England { Stores	11,90,000	17,14,000	14,66,000
England { Other charges	1,07,360	2,47,000	2,53,000
TOTAL	75,12,494	83,32,000	70,09,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
1. India General	6,34,910	6,78,000	6,48,000
2. Delhi	5,623	6,000	8,000
3. Baluchistan	2,311	1,000	1,000
4. North-West Frontier	19,380	18,000	18,000
5. Other Province	1,80,351	2,74,000	2,14,000
TOTAL	8,42,575	9,77,000	8,89,000

EXPENDITURE.

112. The expenditure in 1921-22, exclusive of the charges of the commercial departments, is estimated at R13·23 lakhs less than the Revised estimate for the current year. Provision has been made for smaller expenditure on purchase of stationery in India and in England (R28·93 lakhs). This saving will however, be partly set off by smaller recoveries from Local Governments for supplies to them and by an increase in the outlay on printing (R5·17 lakhs). The terms of the revised contract for Government printing will result in an increased payment of R1·50 lakhs to the contractors, and the outlay on Government presses will also be higher by R3·67 lakhs owing to the revision of the pay of establishments and to the expenditure in the current year having been reduced in consequence of the strike during part of the year.

REVENUE.

113. The variations are unimportant.

XXXV AND 47.—MISCELLANEOUS.

EXPENDITURE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
	R	R	R
1. Special Commissions of enquiry	8,78,165	6,68,000*	4,60,000*
2. Charges arising out of the War adjusted in the Civil Department	5,54,451	2,82,000	1,31,000
3. Miscellaneous assignments and compensations	28,74,435	28,80,000	28,84,000
4. Charges connected with visit of Their Royal Highnesses the Duke of Connaught and the Prince of Wales.	...	41,52,000	17,89,000
5. Other charges:			
(*a*) in Delhi	3,20,546	3,63,000	4,64,000
(*b*) in the N.-W. Frontier Province	1,84,467	4,76,000	1,11,000
(*c*) elsewhere	6,77,038	9,66,000	16,31,000
TOTAL INDIA	54,89,102	97,87,000	74,70,000
ENGLAND	13,25,200	7,07,000	10,16,000
TOTAL	68,14,302	1,04,94,000	84,86,000

REVENUE.

	Accounts, 1919-1920.	Revised, 1920-1921.	Budget, 1921-1922.
(*a*) Freight tax	98,76,204	1,05,47,000	6,51,80,000
(*b*) Other receipts—			
1. India General	29,70,372	11,07,000	7,53,000
2. Delhi	6,60,719	4,28,000	4,28,000
3. Baluchistan	5,090	7,000	4,000
4. North-West Frontier	1,49,697	1,48,000	1,38,000
5. Madras	33,818	67,000	43,000
6. Bombay	2,98,020	56,000	56,000
7. Bengal	41,764	10,000	5,000
8. United Provinces	8,296	45,000	10,000
9. Punjab	3,557	3,000	3,000
10. Burma	31,748	47,000	43,000
11. Bihar and Orissa	1,453	6,200	2,000
12. Central Provinces	11,929	4,000	5,000
13. Assam	4,942	4,000	7,000
TOTAL INDIA	1,40,97,609	1,24,79,000	6,66,77,000
England			
Wheat profits	...	52,60,000	57,40,000
Other items	9,71,920	9,54,000	2,10,000
TOTAL	1,50,69,529	1,86,93,000	7,26,27,000

* Distributed as follows :—

	Revised.	Budget.
	R	R
Jail Committee	2,12	...
University Commission (Calcutta)	2,00	...
Financial Relations Committee	1,05	...
Washington Labour Conference	20	...
Labour Conference at Geneva and deputation to Fiji	...	1,35
Deck Passengers' Committee	...	45
Railway Police Committee	17	80
Tariff Committee	...	2,00
Other Committees	1,14	...
	6,68	4,60

EXPENDITURE.

Budget, 1921-22.

114. The Budget estimate for 1921-22 provides for miscellaneous expenditure resulting from the war likely to be incurred in the ensuing year, mainly for the maintenance of aliens; for the necessary outlay on the commissions of enquiry already appointed (the Deck Passengers and the Railway Police Committees) and the Tariff Committee to be appointed in the coming year; for the charges connected with the Labour Conference at Geneva and the deputation to Fiji; for a payment of R7 lakhs to the Mysore Durbar on account of the surplus revenues of the Bangalore Civil and Military Station; and for normal expenditure on other items. A gross provision of R20 lakhs has been made for the expenses connected with the visit to India of His Royal Highness the Prince of Wales, and a general reserve of R5 lakhs at the disposal of the Finance Department for unforeseen expenditure on urgent objects which it may be necessary to incur during the next year before a supplementary vote can be obtained from the Legislative Assembly. The Revised estimate for the current year under the head "Other charges" includes special payments of a grant to the Victoria Memorial Trust in Calcutta (R5 lakhs) and compensation for losses sustained by the Militias on the frontier owing to the evacuation of certain posts during the disturbances of May and June 1919.

REVENUE.

(a) *India.*

Budget, 1921-22.

115. Under the provisions of the Indian Finance Act of 1921, a primage charge has been imposed, with effect from the 1st April 1921, on all goods (including goods carried by coaching traffic) other than food grain and pulses, firewood and fodder, in lieu of the existing freight tax under the Freight (Railway and Inland Steam Vessel) Tax Act of 1917. The rates of the new tax are $2\frac{1}{2}$ annas per rupee of net freight payable in the case of goods carried by a railway and $1\frac{1}{4}$ annas in the case of goods carried by an inland steam vessel. The proceeds of the new tax in 1921-22 are estimated at R6,51·80 lakhs. The Budget provides for normal receipts under other items.

(b) *England.*

Revised, 1920-21.

Budget, 1921-22.

116. The Revised estimate for the current year and the Budget for next year include R52·60 lakhs and R57·40 lakhs respectively on account of profit on wheat purchased and sold on Government account for export abroad during the current year. The decrease under other items is due to the Revised estimate including a recovery of R7·20 lakhs on account of the contribution from the Lords Commissioners of His Majesty's Treasury towards the administrative expenses of the India Office. The provision in the Budget for next year is shown as a deduction from the expenditure under "General Administration".

XXXVI and 48.—ARMY.

Expenditure.		Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	1921-1922, Budget.
INDIA—							
Effective Services—		R	R	R	R	R	R
Administration		67,29,355	79,83,835	77,80,891	1,57,00,000	1,63,39,000	
Military Accounts		28,31,257	29,69,660	36,19,070	60,00,000	63,69,000	
Regimental Pay, etc.		8,00,99,334	8,34,93,500	20,69,29,148	18,60,67,000	18,73,66,000	
Royal Air Force in India		...	...	...	...	...	
Supply and Transport		3,50,30,972	4,14,43,236	7,18,94,016	10,07,03,000	10,69,08,000	
Veterinary		1,98,304	2,25,563	5,53,670	12,00,000	11,84,000	
Clothing		26,77,025	41,77,201	93,03,832	2,37,00,000	2,34,15,000	
Remounts		55,35,529	46,75,103	76,55,268	87,00,000	85,86,000	
Medical Services		32,32,100	39,91,210	1,15,83,528	1,90,00,000	1,90,91,000	
Medical Stores		22,32,843	19,66,563	19,31,759	15,00,000	19,56,000	
Ordnance		1,59,59,793	1,87,59,242	3,55,01,794	1,05,00,000	3,49,15,000	
Ecclesiastical		4,36,924	4,30,923	4,23,281	5,00,000	4,90,000	
Education		6,74,813	9,04,895	17,99,540	30,00,000	28,24,000	51,18,70 000
Compensation for Food, etc.		7,99,000	12,66,000	53,43,000	30,00,000	33,47,000	
Miscellaneous Services		14,08,82,246	34,14,09,724	32,21,23,458	16,93,000	10,53,38,000	
Indian Munitions Board		28,55,621	63,45,932	38,69,685	...	12,02,000	
Hutting		2,65,487	2,83,455	—1,297	...	...	
Conveyance by Road, River, and Sea		8,13,580	17,34,852	14,10,550	10,00,000	22,92,000	
Conveyance by Rail		1,48,21,052	2,54,79,270	2,17,42,183	1,00,00,000	1,27,08,000	
Cantonments		18,41,728	23,59,016	15,60,352	20,00,000	20,05,000	
Unadjusted Expenditure		— 16,27,258	25,23,633	—15,76,279	...	...	
TOTAL	R	31,62,89,725	55,24,22,813	71,34,47,549	39,42,68,000	53,63,35,000	
Non-effective Services—	R	1,46,21,875	1,59,18,060	1,81,77,280	2,91,05,000	2,38,63,000	
TOTAL INDIA	R	33,09,11,600	56,83,40,873	73,16,24,829	42,33,73,000	56,01,98,000	51,18,70,000
ENGLAND—		£	£	£	£	£	£
Effective Services—							
Payments to War Office for British Forces		930,700	872,200	911,700	2,200,000	2,050,000	2,036,000
Furlough Allowances, and Pay during voyage of British Forces		15,219	12,864	301,366	150,000	210,000	160,000
Consolidated Clothing Allowances of British Soldiers		...	...	...	...	16,000	32,000
Furlough Allowances, Indian Service		191,037	193,280	568,387	450,000	800,000	850,000
Indian Troop Service		303,818	275,706	338,203	610,000	901,000	900,000
Other Heads		33,993	153,881	74,242	77,000	447,300	186,000
Clothing Stores		110,000	110,000	110,000	110,000	110,000	585,000
Ordnance and Miscellaneous Stores		1,946,096	468,066	751,577	1,662,000	1,362,100	600,000
Medical Stores		117,303	114,952	...	231,800	300,000	200,000
Remount Stores		2,945	1,875	3,200	2,800	5,000	3,800
Supply and Transport Stores		83,000	83,000	83,000	86,000	86,000	97,700
Mechanical Transport Stores		150,272	98,895	195,851	200,000	600,100	320,000
Military Farms Stores		23,879	26,069	36,471	28,800	53,400	27,000
Aviation Stores		63	1,776	1,761	...	...	225,000
North-West Frontier, 1916		...	...	...	...	...	...
North-West Frontier, 1919		...	...	187,446	400,000	890,000	...
Stores taken to India with Troops		...	1,554	...	...	27,000	58,000
TOTAL	£	3,908,325	2,414,118	3,563,204	6,208,400	7,857,900	6,280,500
Non-effective Services—							
Payments to War Office for British Forces		672,373	1,076,373	1,441,073	1,546,100	1,016,100	611,100
Pensions, Indian Service		1,175,236	1,147,183	1,402,629	1,411,000	2,039,000	2,038,500
Other Heads		277,196	280,228	139,458	140,000	190,000	200,000
TOTAL	£	2,124,805	2,503,784	2,983,160	3,097,100	3,245,100	2,849,600
TOTAL ENGLAND	£	6,033,130	4,917,902	6,546,364	9,305,500	11,103,000	9,130.100
	R	6,03,31,300	4,91,79,020	6,54,63,640	9,30,55,000	11,10,30,000	9,13,01,000
TOTAL EXPENDITURE	R	39,12,42,900	61,75,19,893	79,70,88,469	51,64,28,000	67 12,28,000	60,31,71,000
RECEIPTS.							
India	R	1,53,52,150	2,36,37,915	3,04,08,631	1,48,27,000	2,51,25,000	3,48,00,000
England	£	280,453	266,581	294 386	278,000	404,500	336,700
	R	28,04,530	26,65,810	29,43,860	27,80,000	40,45,000	33,67,000
TOTAL RECEIPTS	R	1,81,56,680	2,63,03,725	3,33,52,491	1,76,07,000	2,91,70,000	3,81,67,000
TOTAL NET EXPENDITURE	R	37,30,86,220	59,12,16,168	76,37,35,978	49,88,21,000	64,20,58,000	56,50,04,000

Revised, 1920-21.

117. The net Army expenditure in 1920-21, is now estimated at R64,20·58 lakhs against a Budget provision of R49,88·21 lakhs. Of the excess of R14,32·37 lakhs, R12,65·27 lakhs occurs in India and R1,67·10 lakhs (£1,671,000) at Home.

India.

118. The whole of the increase in India, *viz.*, R12,65·27 lakhs is accounted for by the following abnormal items, for which no provision was made in the Budget :—

	(Lakhs of R)
(1) Occupation of Central Waziristan and other tracts in the North-West Frontier, operations in South Waziristan, and the consequent necessity for maintaining strengths of troops and other personnel in excess of those assumed in the Budget	8,76
(2) Arrears of expenditure connected with frontier operations in 1919-20	1,17
(3) Moiety of cost of Aden operations	30
(4) Adjustment of outstanding claims on account of stores obtained from England in previous years	2,44
	12,67

The ordinary expenditure under some of the heads of effective services is likely to exceed the Budget allotment, but the aggregate increase will be counter-balanced by savings under pensionary charges.

Home.

119. The principal items contributing to the rise of £1,671,000 in the expenditure at Home are :—

	£
(1) Increase in outlay on stores, chiefly in connection with the frontier operations in 1919-20 and in the current year	685,200
(2) Higher payment of furlough allowances and voyage pay, due to increase in rates of pay and furlough pay	410,000
(3) Larger payment to the War Office on account of the Indian troop service, owing to rise in freights	291,000
(4) Increase in pensionary charges of officers of the Indian service, etc., due to revision of scale of pension and the retirement of a large number of officers	678,000
(5) Non-payment to War Office of Indian service share of pensions of British troops employed in the war, pending a settlement of India's liabilities in the matter	—530,000
	1,534,200

Budget, 1921-22.

120 It is proposed to allot a sum of R62·20 crores in the Budget for 1921-22 to meet the net expenditure under Military Services. Of this sum, R56,50·04 lakhs will be available for expenditure under the "Army" head.

XXXVII AND 49—MARINE.

		Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	1921-1922, Budget.
EXPENDITURE.							
India	R	67,45,164	81,72,523	72,40,320	74,28,000	62,61,000	69,97,000
England	£	358,146	582,811	889,655	493,900	573,100	294,200
	R	35,81,460	58,28,110	88,96,550	49,39,000	57,31,000	29,42,000
Total	R	1,03,26,624	1,40,00,633	1,61,36,870	1,23,67,000	1,19,92,000	99,39,000
RECEIPTS.							
India	R	48,32,333	60,86,575	40,72,325	24,15,000	30,00,000	14,13,000
NET EXPENDITURE	R	54,94,291	79,14,058	1,20,64,545	99,52,000	89,92,000	85,26,000

121. The reduction of R9·60 lakhs in the net expenditure in 1920-21 as compared with the Budget estimate, is mainly due to the abolition of the Kidderpore Dockyard and the re-adjustment of certain items of war expenditure which were provisionally compiled under the Marine head in the accounts for 1919-20. *Revised, 1920-21.*

122. A sum of R85·26 lakhs has been entered under this head in the Budget for 1921-22 out of the total grant of R62·20 crores proposed for net expenditure on Military Services. *Budget, 1921-22.*

XXXVIII and 50—MILITARY WORKS.

		Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	1921-1922, Budget.
ORDINARY.							
EXPENDITURE.							
India . .	R	1,83,75,030	2,65,70,906	3,66,89,697	2,43,89,800	2,44,93,000	4,84,80,000
*England .	£	28,020	17,747	31,079	85,000	124,3.0	152,000
	R	2,80,200	1,77,470	3,10,790	8,50,000	12,43,000	15,20,000
TOTAL	R	1,86,55,230	2,67,48,376	3,70,00,487	2,52,39,800	2,57,36,000	5,00,00,000
RECEIPTS.							
India . .	R	14,16,355	15,26,377	16,27,429	13,80,000	15,32,000	15,30,000
Net expenditure, Ordinary .	R	1,72,38,875	2,52,21,999	3,53,73,058	2,38,59,800	2,42,04,000	4,84,70,000
SPECIAL DEMANDS.							
EXPENDITURE.							
India . .	R	87,71,003	1,61,16,817	2,14,4 1,217	1,88,85,200	3,44,2?,000	...
England	£	23,354	31,676	86,530	30,000	30,000	...
	R	2,33,540	3,16,760	8,65,300	3,00,000	3,00,000	...
TOTAL, SPECIAL DEMANDS .	R	90,04,543	1,6 1,33,577	2,23,06,517	1,91,85,200	3,47,23,000	...
TOTAL NET EXPENDITURE	R	2,62,43,418	4,16,55,576	5,76,79,575	4,30,45,000	5,89,27,000	4,84,70,000

123. The bulk of the increase of R158·82 lakhs in the net expenditure as compared with the Budget provision in 1920-21, occurs under "Special Demands" and represents expenditure connected with the occupation of Central Waziristan and measures for the defence of the North-West Frontier. *Revised, 1920-21.*

124. It is proposed to allot R484·70 lakhs under this head out of the total grant of R62·20 crores proposed in the Budget for 1921-22 for net expenditure on Military Services. *Budget, 1921-22.*

SPECIAL DEFENCES.

Expenditure.		Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921. Budget.	1920-1921. Revised.	1921-1922. Budget.
India	£	1,32,213	...	...	...	...	...
England	£	—8,001	...	..	...	...	...
	₹	—80,010	...	...	...	...	...
Total	₹	52,203	...	...	...	..	...

125. This head has been closed with effect from 1st April 1918.

MILITARY SERVICES: SUMMARY.

		Accounts, 1917-1918.	Accounts, 1918-1919.	Accounts, 1919-1920.	1920-1921.		Budget. 1921-1922.
					Budget.	Revised.	
EXPENDITURE—							
India . .	₹	36,49,35,010	61,92,01,119	79,69,96,063	47,40,76,000	62,53,75,000	56,73,47,000
England .	£	6,434,649	5,550,136	7,553,628	9,914,400	11,830,400	9,576,300
	₹	6,43,46,490	5,55,01,360	7,55,36,280	9,91,44,000	11,83,04,000	9,57,63,000
Total Expenditure	₹	42,92,81,500	67,47,02,479	87,25,32,343	57,32,20,000	74,36,79,000	66,31,10,000
RECEIPTS—							
India . .	₹	2,16,00,838	3,12,50,867	3,61,08,385	1,86,22,000	2,96,57,000	3,77,43,000
England .	£	280,453	266,581	294,386	278,000	404,500	336,700
	₹	28,04,530	26,65,810	29,43,860	27,80,000	40,45,000	33,67,000
Total Receipts .	₹	2,44,05,368	3,39,16,677	3,90,52,245	2,14,02,000	3,37,02,000	4,11,10,000
NET EXPENDITURE	₹	40,48,76,132	64,07,85,802	83,34,80,098	55,18,18,000	70,99,77,000	62,20,00,000

Revised, 1920-21.

126. The net expenditure on Military Services in 1920-21 is likely to exceed the Budget provision of ₹55,18·18 lakhs by ₹15,81·59 lakhs. Of this excess, about ₹13 crores represents abnormal expenditure connected with operations on the North-West Frontier and in Aden, and ₹2,44 lakhs is explained by adjustment of outstanding claims on account of stores obtained from England in previous years. The balance of the increase is mainly due to a rise in furlough, non-effective and other payments in England.

Budget, 1921-22.

127. It is proposed to allot ₹62·20 crores for net expenditure on Military Services in 1921-22.

XXXIX AND XL--CONTRIBUTIONS AND ASSIGNMENTS TO THE CENTRAL GOVERNMENT BY PROVINCIAL GOVERNMENTS.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
Contributions —			
Madras	3,48,00,000	3,48,00,000	3,48,00,000
Bombay	56,00,000	56,00,000	56,00,000
Bengal	63,00,000	63,00,000	63,00,000
United Provinces	2,40,00,000	2,40,00,000	2,40,00,000
Punjab	1,75,00,000	1,75,00,000	1,75,00,000
Burma	64,00,000	64,00,000	64,00,000
Bihar and Orissa	...	...	...
Central Provinces	22,00,000	22,00,000	22,00,000
Assam	15,00,000	15,00,000	15,00,000
TOTAL	9,83,00,000	9,83,00,000	9,83,00,000
Assignments —			
Madras	...	...	36,29,000
Bombay	...	...	94,93,000
Bengal	...	...	91,71,000
United Provinces	...	...	18,76,000
Punjab	...	...	22,90,000
Burma	...	...	22,09,000
Bihar and Orissa	...	...	10,43,000
Central Provinces	...	...	9,37,000
Assam	...	...	4,09,000
TOTAL	..	...	3,10,57,000
Total contributions and assignments	9,83,00,000	9,83,00,000	12,93,57,000

128. Provision has been made in the Budget estimates for 1921-22 for contributions aggregating R9,83 lakhs to be made by the provinces to the Central Government under rule 17 of the Devolution Rules, and for assignments from the provinces aggregating R3,10·57 lakhs under rule 15 (2) in consideration of the allocation to them of a share in the income-tax collected under the Income-Tax Act, 1918.

XL AND 52.—MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
REVENUE.	R	R	R
Madras	...	...	...
Bombay	...	...	5,000
Bengal	...	...	9,000
United Provinces	...	...	...
Punjab	...	...	...
Burma	...	...	...
Bihar and Orissa	...	...	4,000
Central Provinces	...	...	...
Assam	...	...	...
Total	...	...	18,000
EXPENDITURE.			
Madras	...	...	2,85,000
Bombay	...	...	17,000
Bengal	...	...	...
United Provinces	...	...	...
Punjab	3,50,000	3,50,000	...
Burma	45,74,000	45,74,000	45,74,000
Bihar and Orissa	...	...	8,000
Central Provinces	...	...	...
Assam	14,00,000	14,00,000	14,00,000
Total	63,24,000	63,24,000	62,84,000

129. The entries on the expenditure side against Burma (R45·74 lakhs) and Assam (R14 lakhs) relate to the Central Government's contribution towards the cost of the military police in those provinces; the entry against Madras includes an assignment of R2·30 lakhs in connection with the provincialisation of the Lawrence Memorial School at Ootacamund. The other items in the above table are unimportant and do not call for remark.

CAPITAL ACCOUNT NOT CHARGED TO REVENUE.

RAILWAY CONSTRUCTION.

Revised, 1920-21.

130. In the Budget for 1920-21, a sum of R21·98 crores was allotted for capital expenditure on railways for which the Government of India undertake financial responsibility. The expenditure of the year is now estimated at R24·53 crores or R2·55 crores more than the Budget estimate. The increase is attributable solely to the fact that, against a gain by exchange of R3·68 crores to the capital account anticipated in the Budget estimate, it is now expected that there will be an addition to capital expenditure of a loss of R2·63 crores due to the fall in exchange. For 1921-22 a grant of R17·82 crores including a sum of R2·82 crores on account of loss by exchange, has been provided.

Budget, 1921-22.

131. The details of the total capital expenditure on State Railways worked by the State and Companies in each of the three years from 1919-20 to 1921-22 are as follows :—

		1919-1920. Accounts.	1920-1921. Budget.	1920-1921. Revised.	1921-1922. Budget.
53.—Construction of State Railways.					
(*a*) England	£	11,978,363	18,138,000	17,911,200	14,328,300
	R	11,97,83,630	18,13,80,000	17,91,12,000	14,32,83,000
(*b*) India . .	R	2,27,61,016	7,51,43,000	3,99,39,000	67,17,000
Total	R	14,25,44,646	25,65,23,000	21,90,51,000	15,00,00,000
Exchange		—21,98,181	—3,67,59,000	+2,62,97,000	+2,81,56,000
Net	R	14,03,46,465	21,97,64,000	24,53,48,000	17,81,56,000

132. The following table compares the allotments made for open lines and lines under construction in 1921-22 with figures for previous years :—

—	1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
(1) Open lines including rolling stock . .	14,05,36,646	20,69,98,000	13,80,87,000
(2) Lines under construction—			
(*a*) Started in previous years . . .	15,92,000	63,59,000	1,19,63,000
(*b*) Started in current year . . .	4,16,000	56,94,000	...
Total .	14,25,44,646	21,90,51,000	15,00,00,000
Adjustment for exchange	—21,98,181	+2,62,97,000	+2,81,56,000
Net .	14,03,46,465	24,53,48,000	17,81,56,000

133. The details of the Budget grant for 1921-22 by Railways are shown below :—

[Thousands of rupees.]

	Open Lines.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
State Railways Worked by State.—	₹	₹	₹	₹	₹
1. North-Western Railway :—					
(i) Main line	71,69	81,94	1,53,63	...	
(ii) Nushki Extension	...	3,22	3,22	...	
(iii) Kaur Khirgi Railway	...	...	...	82	
2. Delhi (New Capital) Railway Works Scheme	...	8,06	8,06	...	
3. Eastern Bengal :— Main line	65,96	41,88	1,07,84	...	
4. Oudh and Rohilkhand :— Main line	25,98	16,48	42,46	...	
5. Aden Railway	2,88	2,12	5,00	...	
6. Jodhpur-Hyderabad (British Section)	...	42	42	...	
7. Stores Transactions	...	...	...	...	
8. Khyber Railway	...	...	...	45,20	
Total	1,66,51	1,54,12	3,20,63	46,02	
State Railways worked by Companies					
9. Assam-Bengal :—					
(i) Open line					
(ii) Bhairab Bazar-Tangi (Open Section)					
(iii) „ „ „ (Re-alignment at Bhairab-Bazar).	21,96	8,04	30,00	...	
(iv) Chittagong Port					
10. Bengal-Nagpur :—					
(i) Main line	2,43,24	—28,54	2,14,70	...	
(ii) Onlajori-Badampahar Branch	...	...	...	3,24	
(iii) Amda-Jamda	...	...	...	25,00	
(iv) Bokaro Ramgarh Extension	...	...	...	3,00	
11. Bezwada Extension British Section	...	40	40	...	
12. Bombay, Baroda and Central India :—					
(i) Main line	52,40	64,29	1,16,69	...	
(ii) Dholka-Dhandaka	...	...	...	5,00	
13. Burma—					
(i) Main Line	29,39	14,16	43,55	...	
(ii) Pegu Moulmein and Henzada Kyangin Extensions.	5	1,25	1,30	...	
(iii) Southern Shan States Railway	1,99	30	2,29	...	
14. East Indian :—					
(i) Open line	3,17,53	—73,46	2,44,07	...	
(ii) Kasta Branch	...	...	...	4,37	
(iii) Bokaro Ramgarh Extension	...	...	...	3,00	
15. Great Indian Peninsula System :—					
(i) Main line	42,91	1,39,12	1,82,03	...	
(ii) Itarsi-Nagpur	...	...	...	10,00	
(iii) Agra-Delhi Chord	...	6,50	6,50	...	
(iv) Bhopal State	...	1,00	1,00	...	
(v) Cawnpur-Banda	...	2,00	2,00	...	
(vi) Baran Kotah	...	50	50	...	
(vii) Harbour Branch	...	...	...	10,00	
(viii) Majri-Rajur	...	...	...	10,00	
16. South Indian System—					
(i) Main line	19,87	34,17	54,04		
(ii) Coonoor-Ootacamund	63	28	91		
(iii) Tinnevelly-Quilon—British Section	...	20	20	...	
(iv) Do. Indian State Section	4,50	1,20	5,70		
17. Tirhoot	9,20	1,03	10,23	...	
18. Lucknow-Bareilly	68	1,69	2,37	...	
19 Madras and Southern Mahratta :—					
(i) Open line	41,42	40,33	81,75	...	
(ii) Guntur Tenali	...	20	20	...	
(iii) Dhone Kurnool	...	5	5	...	
Total	7,85,77	2,14,71	10,00,48	73,61	
20. Reserve	...	59,26	59,26	...	
Grand Total	9,52,28	4,28,09	13,80,37	1,19,63	
Exchange	...	...	+2,80,12	+1,44	
Net	...	...	16,60,49	1,21,07	

The bulk of the programme grant for 1921-22 will be devoted to the improvement of open lines of railways.

134. The following table shows the capital outlay on all State lines up to the end of each year and the net return obtained after deducting working expenses and interest charges :—

(Capital and profit figures in thousands of Rupees.)

—	1919-20.	Revised, 1920-21.	Budget, 1921-22.
	R	R	R
Capital at charge at end of each year	4,99,05,76	5,22,44,07	5,38,51,86
Working profit from railways excluding interest charges	30,89,73	25,38,21	26,92,17
Percentage of same to capital outlay	6·19	4·86	5·00
Final working profit after meeting interest charges .	13,81,01	4,55,38	4,08,50
Percentage of same to capital outlay	2·77	·87	·76

CONSTRUCTION OF IRRIGATION WORKS.

	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
INDIA.	R	R	R
North-West Frontier Province	1,78,152	4,53,000	1,88,000
Adjustment on account of exchange for outlay in England . .	...	...	21,000
Total India .	1,78,152	4,53,000	2,09,000
England .	2,01,000	...	1,05,000
TOTAL .	3,79,152	4,53,000	3,14,000

135. The Revised estimate for the current year includes abnormal expenditure on the construction of weirs, training works and distributaries. The Budget for 1921-22 provides for normal expenditure.

CAPITAL OUTLAY ON THE INDIAN POSTAL AND TELEGRAPH DEPARTMENT.

—	Accounts, 1919-20.	Revised, 1920-21.	Budget, 1921-22.
	Rs.	Rs.	Rs.
England	...	...	1,00,00,000

136. As explained in paragraph 59 above provision has been made under this new head for capital outlay on the Indian Postal and Telegraph Department in 1921-22 which is expected to be of a productive character.

INITIAL OUTLAY ON THE NEW CAPITAL AT DELHI.

137. The figures are :—

	Accounts, 1919-20.	Budget, 1920-21.	Revised, 1920-21.	Budget, 1921-22.
Total in Rupees . . .	50,35,427	1,10,36,000	1,24,21,000	1,06,89,000

138. The expenditure in the current year will amount to ₹124 lakhs or ₹14 lakhs more than the Budget. The distribution of the expenditure now anticipated is as follows :— *Revised, 1920-21.*

	(In lakhs of ₹)
(1) Works Expenditure	111·10
(2) Establishment and miscellaneous charges . . .	10·00
(3) Adjustment for exchange on outlay in England . .	3·11
Total .	124·21

Of the works expenditure about ₹9 lakhs are being spent on preliminary work ; ₹33 lakhs on the purchase of tools and plant and other stores; about ₹13 lakhs on sanitation, etc. ; about ₹37 lakhs on work on the Government House and the Secretariat and the construction of certain residential and other buildings ; ₹6 lakhs on roads and other miscellaneous expenditure; ₹5 lakhs on irrrigation ; and about ₹8 lakhs on the maintenance of works during construction.

139. The provisional distribution of the Budget estimate of ₹1,07 lakhs in 1921-22 is given below— *Budget, 1921-22.*

	(In lakhs of ₹)
(1) Works expenditure	88·69
(2) Establishment and miscellaneous charges . . .	11·31
(3) Adjustment for exchange on outlay in England . .	6·89
Total .	106·89

Of the grant of ₹88·69 lakhs for works outlay, ₹6 lakhs will be devoted to preliminary work and the further purchase of tools and plant and other stores. A sum of ₹11 lakhs will be spent on sanitation; ₹15 lakhs on electric light and power ; ₹14 lakhs on irrigation ; ₹4 lakhs on communications and other items of a miscellaneous nature ; ₹9 lakhs on the maintenance of works during construction, and ₹30 lakhs will be applied mainly to work on the Government House and the Secretariat and the construction of residential and other buildings.

WAYS AND MEANS.

HOME TREASURY.

140. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues; and if such payments represented the only transactions, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of railways, however, necessitates heavy borrowing and a large portion of the money required has, when practicable, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, also largely swell the receipts and charges of the Home treasury without affecting ordinarily the general Ways and Means programme.

141. The items mentioned in the preceding paragraph constitute the bulk of the transactions of the Home treasury in normal years. The conditions created by the war have, however, led to certain abnormal transactions which have affected the Ways and Means position to a considerable extent from 1915-16 onwards. Large sums are being received in England from the Imperial Government in repayment of expenditure incurred on their behalf in India. These indirect remittances from India have very largely increased the resources of the Home treasury and reduced the need for direct remittances by Councils to finance its requirements.

112. The following are the details of the transactions appearing in the Budget and Revised estimates of the Home treasury for 1920-21, and in the Budget estimate of 1921-22.

	Budget, 1920-21.	Revised, 1920-21.	Budget, 1921-22.
RECEIPTS.			
Capital contributed by Railway Companies—	£	£	£
*For discharge of debentures	4,571,900	...	3,993,400
Deposits and Advances—			
Gold Standard Reserve	48,126,300	118,690,000	115,633,800
*Paper Currency Reserve	175,988,400	105,867,300	8,350,000
*Consols Depreciation Fund	165,400	352,000	...
*War transactions: Recoveries from War Office	300,000	1,011,000	290,000
Other items	2,282,400	2,911,500	2,038,000
Remittance Account between England and India—			
War transactions: Recoveries from War Office	35,300,000	55,177,100	18,500,000
" recoveries on account of South Persia Military Police.	1,125,000	688,000	...
Transfer to Home Treasury from Gold Standard Reserve	...	...	2,500,000
" " " Paper Currency Reserve	...	36,502,800	8,350,000
Other transactions	3,087,400	6,058,500	11,793,000
Total Receipts, excluding Council Bills and Loans	270,946,800	327,258,200	171,448,200
DISBURSEMENTS.			
Excess of Expenditure over Revenue	25,566,300	28,665,400	25,395,500
Expenditure incurred on behalf of Provincial Governments	...	...	3,254,200
Capital Expenditure not charged to Revenue—			
Outlay on State Railways, Irrigation Works, Telegraphs and Delhi	18,299,900	18,146,700	15,625,590
*Payments to Railway Companies for discharge of debentures	4,571,900	492,000	3,993,400
Deposits and Advances—			
Gold Standard Reserve	48,126,300	118,690,000	115,633,800
*Paper Currency Reserve	175,988,400	105,867,300	8,350,000
*Consols Depreciation Fund	165,400	352,200	...
*War transactions—outlay recoverable from War Office	300,000	1,011,000	290,000
Other transactions	2,647,200	3,161,900	1,319,200
Remittance Account between England and India—			
War transactions—outlay recoverable from War Office	300,000	1,534,500	590,000
Purchase of gold	5,750,000	6,750,000	100,000
Sterling Transfers on London	...	31,777,000	...
Other transactions	6,581,900	16,805,700	3,251,700
Total Disbursements	288,297,300	333,253,700	177,803,300
NET DISBURSEMENTS	17,350,500	5,995,500	6,355,100
Financed as follows—			
Council Bills	8,375,000	...	...
Permanent Debt incurred	...	...	5,000,000
Reduction of cash balance	8,975,500	5,995,500	1,355,100
Total	17,350,500	5,995,500	6,355,100
Opening Balance	(a) 13,066,100	(b)11,997,400	(b)6,001,900
Closing Balance	(a) 4,090,600	(b)6,001,900	(b)4,646,800

* The heads marked with an asterisk appear on both the receipt and payment sides. As the receipt and corresponding disbursement in each case are generally equal, they do not affect the Ways and Means of the year to any material extent.

(a) Of these amounts £400 represents funds of the Gold Standard Reserve.
(b) Of these amounts £600 represents funds of the Gold Standard Reserve.

Revised, 1920-21.

143. The table in paragraph 142 shows that there will be a net disbursement of £5,995,500 from the Home treasury in 1920-21, which will be met by a reduction of the cash balance of the Home treasury from £11,997,400 at the beginning of the year to £6,001,900 at its end.

144. The transactions of the Home treasury in the current year are inflated by the following large special items :—

(*i*) There will be a net recovery of £54,330,600 from His Majesty's Government on account of disbursements connected with war requirements made on their behalf in India against a Budget estimate of £36,125,000.

(*ii*) Sterling drafts issued in India involve a disbursement of £31,777,000; and payments amounting to £6,750,000 will have to be made for gold purchased by the Secretary of State for remittance to India against £5,750,000 anticipated in the Budget.

(*iii*) The above payments will, to the extent of £36,502,800, be met by the sale of sterling securities held in the Paper Currency Reserve in England.

(*iv*) There will be no sales of Council Bills from which a receipt of £8,375,000 was anticipated in the Budget.

The foregoing items result in a net receipt of £52,306,400, and eliminating both from the Budget and Revised estimates for the current year the figures relating to the above special items the net disbursements from the Home treasury in respect of transactions of a more normal character will stand at £58,301,900 in the Revised against £47,725,500 in the Budget, thus showing a deterioration of £10,576,400. The net expenditure charged to revenue has increased by £3,099,100 (mainly on account of Military Services), Railway debentures to the value of £492,000 for the discharge of which there was no provision in the Budget have been discharged, and it is expected that the net outgoings on account of Postal and money order transactions will be £8,049,000 more than the Budget. On the other hand there will be a special receipt of £1,780,000 from the sale of Burma rice. The rest of the deterioration is the result of other minor variations.

145. There has been no sale of Council bills on India in 1920-21. The cash balance at the end of 1920-21 is now estimated at about £6 million against a Budget forecast of £4 million.

1920-21. Capital raised and deposited by Railway Companies.

146. The details of the transactions in respect of capital raised and deposited by Railway Companies are as follows :—

	Budget, 1920-21	Revised, 1921-22.
	£	£
RECEIPTS.		
Subscribed Capital—		
To discharge Debentures :—		
Assam Bengal Railway	125,000	...
Bengal Nagpur Railway	2,403,900	...
Madras and Southern Mahratta Railway .	1,543,000	...
South Indian Railway	500,000	...
TOTAL RECEIPTS .	4,571,900	...
ISSUES.		
For discharge of Debentures	4,571,900	492,000
For net Capital outlay, *i.e.*, Stores, Establishment charges, etc., *less* transfer fees and miscellaneous refunds	14,032,400	13,911,500
TOTAL ISSUES .	18,604,300	14,403,500

147. The Budget estimate provided for the renewal or replacement by fresh capital of £4,571,900 debentures of the Assam Bengal, Bengal Nagpur, Madras and Southern Mahratta, and South Indian Railway Companies. Of these, debentures to the value of £492,000 have been discharged, and the remainder of the value of £4,079,900 have been renewed.

Budget, 1921-22.

148. The Budget estimate for 1921-22 provides for a net disbursement of £17,205,100. It includes however a recovery of £18½ million from His Majesty's Government on account of war disbursements in India on their behalf, the exclusion of which raises the net disbursement to £35,705,100

As already stated, the Revised estimate also includes various items of a special character, *viz.*, a recovery of £54,330,600 from His Majesty's Government for disbursements in India, a withdrawal of £36,502,800 from the Paper Currency Reserve, and payments of £6,750,000 for gold purchases, and £31,777,000 for reverse drafts sold in India on London. If these special items are eliminated, the net disbursements in the Revised estimate amount to £58,301,900.

149. There is thus a decrease of £22,596,800 in the net disbursements of a normal character estimated for 1921-22 as compared with the Revised estimate for the current year. Of this betterness £18,049,000 occurs under postal and money order transactions; against a net payment of £9,549,000 in 1920-21 provision has been made for a net receipt of £8,500,000 in the year 1921-22, including recovery of arrears on account of money orders issued by Iraq on India and the United Kingdom during 1919-20 and 1920-21; the rest of the decrease is the result of the following variations:—

	£
(*i*) Decrease in net expenditure charged to revenue . . (£1 million of expenditure on telegraph stores hitherto charged to revenue has been provided for under Capital.)	3,269,900
(*ii*) Decrease in capital outlay (after allowing for the transfer referred to at (*i*) above)	2,521,200
(*iii*) Provision for discharge of debentures in 1920-21 omitted for 1921-22	492,000
(*iv*) Improvement in miscellaneous transactions, mainly deposits and remittances	1,518,900
(*v*) *Less*—net disbursements on account of Provincial Governments	—3,254,200
Net improvement .	4,547,800

150. Of the net disbursement of £17,205,100 referred to in paragraph 148, it is proposed to meet £8,350,000 by withdrawal from the Paper Currency Reserve and £2,500,000 from the Gold Standard Reserve £5 million by raising a loan in England, and the balance of £1,355,100 by a reduction of the cash balances of the Home treasury, which are estimated to stand on the 31st March 1922 at £4,646,800.

1920-21 and 1921-22. Gold Standard Reserve.

151. The following are the details of the trnasactions of the Gold Standard Reserve in England:—

	1920-21.		1921-22.
	Budget.	Revised.	Budget.
RECEIPTS.	£	£	£
(*a*) Dividends on investments, discount on treasury bills, interest on loans at short notice, etc. . .	2,052,700	2,259,800	1,945,400
(*b*) Exchequer Bonds, British treasury bills and Colonial Government securities, etc., paid off . .	46,073,600	116,430,200	113,688,400
Total .	48,126,300	118,690,000	115,633,800
CHARGES.			
Investments made . . .	48,126,300	118,690,000	113,133,800
Transfer to Treasury Balances .	...	...	2,500,000
Total .	48,126,300	118,690,000	115,633,800

152. The following statement shows the transactions and balances of the fund in the two years in England and India taken together:—

	Budget, 1920-21. £	Revised, 1920-21. £	Budget, 1921-22. £
OPENING BALANCE—			
(*a*) Invested (cost price) . . .	37,493,000	37,117,300	39,377,100
(*b*) Uninvested—			
Cash in the Home treasury placed at short notice . .	400	600	600
	37,493,400	37,117,900	39,377,700
CLOSING BALANCE—			
In England—			
(*a*) Invested (cost price) . .	39,545,700	39,377,100	38,822,500
(*b*) Uninvested—			
Cash in the Home treasury placed at short notice.	400	600	600
In India	...	..	2,500,000
	39,546,100	39,377,700	41,323,100
Difference between opening and closing balances representing Interest, etc., on investments in England *less* transfer to Treasury balances (*vide* paragraph 151)	2,052,700	2,259,800	1,945,400

INDIA.

153. The following is a summary of the estimates of Ways and Means in India during 1920-21 and 1921-22 :—

	Budget Estimate, 1920-1921.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.
RECEIPTS.	R	R	R
1. Excess of Revenue over Expenditure charged to Revenue	42,12,17,000	15,73,28,000	26,10,55,000
2. Capital contributed by Railway Companies towards outlay on State Railways	...	—7,03,000	...
3. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	—1,00,00,000	—97,75,000	—60,00,000
(b) Savings Bank deposits (net)	4,18,83,000	4,18,15,000	4,74,66,000
4. Appropriation for Reduction or Avoidance of Debt	93,08,000	52,07,000	...
5. Other Deposits and Remittances (net)—			
(a) War Stores—Suspense	10,50,00,000	14,10,00,000	3,20,00,000
(b) Exchange on Remittance Accounts	12,00,00,000	+23,49,47,000	5,44,91,000
(c) Adjustment of exchange on revaluation of gold and sterling securities in Paper Currency Reserve	...	—17,47,35,000	...
(d) Other transactions	6,70,49,000	—4,75,24,000	4,80,39,000
6. Remittance account between England and India—			
(a) Purchase of Gold	8,62,50,000	6,96,59,000	7,15,000
(b) Sterling Transfers on London	...	30,98,80,000	...
TOTAL RECEIPTS EXCLUDING LOANS	84,07,07,000	25,72,05,000	43,77,66,000
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	—5,23,07,000	6,62,36,000	3,48,73,000
(b) Irrigation Works	82,68,000	60,37,000	2,09,000
(c) Initial expenditure on new Capital at Delhi	89,71,000	1,02,46,000	78,22,000
(d) Bombay Development Scheme	...	57,18,000	...
(e) Outlay of Branch Line Companies (net)	3,48,000	2,95,000	1,53,000
8. Permanent Debt discharged (net)	1,23,24,000	1,75,05,000	2,12,07,000
9. Temporary Debt discharged (net)	37,18,02,000	—23,07,33,000	20,41,69,000
*10. Balances of Provincial Governments	6,16,65,000	—1,06,52,000	2,45,99,000
11. Loans by and between Central and Provincial Governments (net)	—30,46,000	5,52,52,000	1,01,33,000
12. Remittance account between England and India—			
(a) Transfers through Currency	...	36,50,28,000	8,35,00,000
(b) Transfers through Gold Standard Reserve	...	...	2,50,00,000
(c) War Office transactions (net)	52,50,00,000	50,48,05,000	18,91,00,000
(d) Other transactions (net)	—3,96,19,000	—3,94,88,000	94,000
13. Council Bills	12,56,25,000	...	...
TOTAL DISBURSEMENTS	1,01,90,31,000	75,02,50,000	60,08,59,000
NET DISBURSEMENTS	17,83,24,000	49,30,45,000	16,30,93,000
FINANCED AS FOLLOWS:			
Permanent Debt incurred	15,00,00,000	39,20,04,000	15,00,00,000
Reduction of (+) or addition to (—) Treasury Balances	2,83,24,000	10,10,41,000	1,30,93,000
TOTAL	17,83,24,000	49,30,45,000	16,30,93,000
Opening Balance	21,40,11,000	26,47,60,000	16,37,19,000
Closing Balance	18,56,87,000	16,37,19,000	15,06,26,000

* Head (10) represents expenditure defrayed by reduction of Provincial balances.

1920-21.
Main features of Budget estimates.

154. In the Budget estimate for 1920-21, the cash balance in the Indian treasuries on the 1st April 1920 was taken at R21,40 lakhs. It was estimated that (1) the net Imperial revenue in India would amount to R42,12 lakhs, (2) there would be a net receipt of R4,19 lakhs under savings banks deposits, (3) a sum of R93 lakhs would be available from the Famine Insurance grant for the avoidance of debt, (4) a credit of R10,50 lakhs would be realised by the issue or disposal of stores charged in previous years to the war stores suspense account and a further credit of R12 crores out of gains by exchange to be applied to meet the deficiency due to revaluation of gold and sterling securities in the Paper Currency Reserve, (5) the capital transactions of railway companies would result in a net credit of R5,20 lakhs, and (6) a net receipt of R10,67 lakhs would accrue on account of miscellaneous deposit and remittance transactions and R30 lakhs in connection with loans by the Central and Provincial Governments.

On the other hand, provision was made for: (1) a recoverable outlay of R52,50 lakhs in connection with the war on behalf of the War Office, (2) the discharge of post office cash certificates to the extent of R1 crore, (3) capital expenditure of R83 lakhs on canals and of R90 lakhs on the construction of the new capital at Delhi, (4) the discharge of R1,23 lakhs of permanent debt, R18 crores of treasury bills and R19,18 lakhs of war bonds maturing in 1920, (5) a payment of R12,56 lakhs on account of Council bills, and (6) the drawing of R6,17 lakhs by Provincial Governments from the balances at their credit with the Central Government.

The total payments mentioned above aggregate R1,12,37 lakhs against a total receipt of R85,91 lakhs; the net disbursement of R26,46 lakhs was to be met to the extent of R15 crores from the proceeds of the loan to be floated in India in 1920-21, and R8,63 lakhs from remittances of gold by the Secretary of State, the balance of R2,83 lakhs being found by a reduction of the Indian cash balance which would stand at the end of 1920-21 at R18,57 lakhs.

Main features of Revised estimates.

155. Credit was taken in the Budget for an aggregate gain by exchange of R30,85 lakhs, of which R12,85 lakhs were to be credited to the railway, irrigation and Delhi capital accounts, R12 crores were to be set aside to be eventually applied to meet the deficiency in the Paper Currency Reserve due to revaluation, and the balance of R6 crores was to be credited to revenue. Owing, however, to the adoption of a basic rate of exchange of 2*s.* the rupee in the accounts and estimates instead of 1*s.* 4*d.* on which the Budget was based and to the fact that the average rate of exchange during the current year is expected to be appreciably below 2*s.* the rupee, there will be an aggregate loss by exchange of R30,37 lakhs, of which R6,88 lakhs will be charged to the capital and revenue accounts, the balance of R23,49 lakhs remaining at debit of the suspense head. A charge of R17,47 lakhs has also arisen in connection with the revalution of the gold and sterling securities in the Paper Currency Reserve and R36,50 lakhs have been transferred through the Paper Currency Reserve in aid of the balances of the Home treasury.

On the other hand, there has been a receipt of R30,99 lakhs on account of sterling transfers issued on the Secretary of State. The credits from the issues of war stores charged to the suspense account are now estimated at R14,10 lakhs against R10½ crores in the Budget. There will be a net issue of treasury bills to the extent of R50,98 lakhs against a net discharge of R18 crores which the Budget assumed. The net disbursements on account of outlay recoverable from the War Office are now estimated at R50,48 lakhs against the Budget forecast of R52,50 lakhs. There will be no payment of Council bills though it was assumed in the Budget that R12,56 lakhs would be paid on that account. The proceeds of the new loan which were taken in the Budget at R15 crores have amounted to R29,75 lakhs, while, out of R19,18 lakhs of war bonds due for discharge in August last, only R18,49 lakhs will be liquidated in the current year either by cash payments or by conversion into the new loan, the balance being left over for discharge in subsequent years. Of the increased receipts from the new loan however R9,66 lakhs represent conversion of other war bonds into the current year's loan. The proceeds of the Bombay development loan have amounted to R9,39 lakhs, out of which R8,80 lakhs remain invested and R57 lakhs will be spent on the development scheme before the end of the year.

Apart from the special items enumerated above there will be a large deterioration in the net transactions, a result of variations from budget anticipations as shown below :—

(In lakhs of rupees.)

(1) Deterioration in the combined revenue account of the Imperial and Provincial Governments, due mainly to increase in Military expenditure, partly set off by improvements under Customs and Income-tax revenue and by the profits from the Burma rice control scheme	19,16
(2) Reduction in the amount available from the Famine Insurance grant for avoidance of debt	41
(3) Non-recovery from the Mesopotamian administration of cash balances made over to them and money orders paid on their behalf in 1919-20	4,00
(4) Payment to the Burma Government of the profits from the rice control scheme which, it was assumed would be held in deposit and the transfer to that Government of the profits realised in 1919-20 and held in deposit	3,98
(5) Refund of deposits received during 1919-20 from unsuccessful tenderers for Reverse Councils and Gold sales . . .	1,42
(6) Smaller credits from remittances of gold by the Secretary of State	1,66
(7) Larger taccavi loans	38
(8) Smaller capital expenditure on Railways and Irrigation Works (apart from adjustments on account of exchange) . . .	76
(9) Larger receipts from sterling money orders set off by payments on account of money orders issued from Iraq on India . .	55
(10) Improvement under other miscellaneous deposit and remittance transactions	58
Total Deterioration .	29,12

1920-21.
Rupee loans.

156. The total receipts from the new rupee loan, subscriptions for which were received from the 5th July to the 14th August 1920, amounted to R29,75 lakhs, inclusive of R94 lakhs from the post office section of the loan. War bonds of various issues of a total value of R17,88 lakhs and treasury bills of a discounted value of R17 lakhs were received in payment of subscriptions to the loan. The gross receipts from cash certificates amounted to R49 lakhs. Certificates of the value of R1,47 lakhs are expected to be encashed during the current year, the net payment thus amounting to R98 lakhs.

1921-22.
Main features of Budget estimates.

157. In 1921-22 the net Imperial revenue is estimated at R26,10 lakhs; a net receipt of R4,75 lakhs is anticipated from savings bank deposits; a net sum of R5,45 lakhs on account of exchange will be credited to the suspense head after the adjustment of losses by exchange chargeable to the revenue and capital accounts and to Provincial Governments; a credit of R3,20 lakhs will be realised from the issue of stores charged to the suspense account for Indian requirements or those of the War Office; and miscellaneous deposit and remittance transactions will bring in a net receipt of R4,87 lakhs, the main item contributing to the net receipt under the last head being a *pro formâ* credit of R4,31 lakhs in respect of the appropriation of the interest on Paper Currency Reserve investments towards the discharge of treasury bills held in the Reserve.

On the other hand, provision has been made (1) for a recoverable outlay of R18,91 lakhs to be incurred on behalf of the War Office; (2) for payment of the annual instalment of R12 lakhs for the Gwalior loan of 1887 and the cancellation of R1,99 lakhs of paper of the 5 per cent war loan 1929-47 and 5 per cent. income-tax free loan 1945-55 by purchases from the sinking fund; (3) for capital expenditure of R3,52 lakhs on railways and canals and of R78 lakhs on Imperial Delhi inclusive of R2,82 lakhs and R7 lakhs respectively for loss by exchange on Home outlay; (4) for discharge of treasury bills of the value of R4,31 lakhs held in the Paper Currency Reserve out of the interest on the investments on behalf of the Reserve, the value of the bills outstanding at the end of the next year being thus reduced to R56,95 lakhs

in the Reserve and R42,69 lakhs with the public; (5) for a draft of R2,46 lakhs from Provincial balances; (6) for the payment of R15,42 lakhs of the 1921 war bonds maturing in Septemher next and of R69 lakhs of the 1920 war bonds left undischarged in the current year; (7) for a net discharge of R60 lakhs of cash certificates.; (8) for a net payment of R1,19 lakhs by way of loans to Provincial Governments and a net receipt of R18 lakhs in connection with loans to mofussil municipalities, cultivators, etc.; and (9) transfers of R8,35 lakhs and R2,50 lakhs through the Paper Currency and Gold Standard Reserves respectively in aid of the balances of the Home treasury.

The net disbursements of the Central Government next year as detailed above aggregate R16,31 lakhs. It is proposed to meet this deficiency by issuing a rupee loan, the proceeds of which are estimated at R15 crores, and by drawing on the cash balance in India to the extent of R1,31 lakhs, thus reducing it on the 31st March 1922 to R15,06 lakhs.

158. According to the information available to the Government of India when their estimates were closed the Provincial balances are expected to stand at the following amounts on the 31st March 1922:—

(In lakhs of rupees.)

Madras	35·00
Bombay	2,33·00
Bengal	43·29
United Provinces	35·00
Punjab	85·27
Burma	5,59·05
Bihar and Orissa	73·87
Central Provinces	·29
Assam	42·07
Total	11,06·84

1920-21 and 1921-22.

159. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1920-21 and 1921-22:—

Post Office Savings Banks, etc.

Year.	Securities of Railway Companies' Provident Funds transferred to Government.	Net additions to deposits, cash.	Interest.	Total addition.
1910-11	...	1,05,06,000	60,82,000	1,65,88,000
1911-12	...	1,95,69,000	67,79,000	2,63,48,000
1912-13	...	1,68,26,000	73,79,000	2,42,05,000
1913-14	..	2,37,05,000	84,07,000	3,21,12,000
1914-15	...	—8,35,53,000	78,82,000	—7,56,71,000
1915-16	...	57,38,000	70,96,000	1,28,34,000
1916-17	...	1,35,61,000	77,07,000	2,12,68,000
1917-18	4,04,00,000	41,80,000	94,65,000	5,40,45,000
1918-19	3,38,37,000	2,47,14,000	1,26,65,000	7,12,16,000
1919-20	...	1,96,68,000	1,40,93,000	3,37,61,000
1920-21 (Revised)	...	2,17,44,000	1,94,78,000	4,12,22,000
1921-22 (Budget)	...	2,71,87,000	1,95,44,000	4,67,31,000

The Budget estimate assumed that there will be a net deposit of R1,75 lakhs into postal savings banks in the current year; it is now expected that the net deposits will amount to R1,05 lakhs. The Budget estimate for 1921-22 provides for a net deposit of R1,50 lakhs into postal savings banks and for a growth of R1,22 lakhs in the deposits in the various provident funds for Government servants and in the similar funds of railway companies.

E. M. COOK.

The 31st March 1921.

Appendix I.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

Prefatory Note.

I.—Scope of pro formâ account.

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay.* The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II.—*Annual Expenditure.*

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation of the troops already there had long been recognised as pressing. Similarly the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in this city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e.*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the pro formâ account and the regular accounts.

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "56—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 1 of Part I of *pro formâ* account.

Item 3(*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works." Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works."

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations and are eventually published separately, like the figures for Coorg and Baluchistan, in an appendix to the Civil Estimates. But as the Civil Estimates are not published till late in the year, a special arrangement has been made by which the figures for the Delhi province under each major head are separately shewn in the various sections of the Financial Secretary's memorandum. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

Items 4 to 7 and I and IV of Part I, and Items 2 and 3 and II to V of Part II of *pro formâ* account.

Item I of Part I.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro formâ* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote [See Part I, Note 5.]

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

EXPENDITURE.	Actual to end of 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
1. DELHI PROJECT: Capital outlay on permanent Delhi chargeable to Head "56" (for details see Statement I-A)	3,56,25	1,24,21	1,06,89
2. Temporary Delhi *	54,33	...	...
3. Initial expenditure of non-Civil Departments :—			
(*a*) Military services †	68,98	6,47	17,51
(*b*) Railways ‡	5,50	—14	3
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi §	1,36	...	...
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	2,03	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	3 32	69	68
7. Miscellaneous items	4,79	80	1,21
TOTAL	4,96,56	1,32,03	1,26,32

RECEIPTS.	Actual to end of 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move (for details see item 1—B)	...	...	...
II.—Non-recurring receipts on account of Temporary Works	2	...	...
III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi ‖	...	...	...
IV.—Miscellaneous items	3,44	1,17	82
TOTAL	3,46	1,17	82

Total Expenditure to end of 1921-22	7,54,91	Total receipts to end of 1921-22	5,45
Net expenditure to end of 1921-22	7,49,46		

*NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

†NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. Its details are as follows :—

	To end of 1919-20.	Revised, 1920-21.	Budget, 1921-22.
Acquisition of land	13,10	...	..
Cost of buildings	49,45	5,92	15,66
Establishment charges	4,70	47	1,75
Tools and Plants	1,73	8	10
TOTAL	68,98	6,47	17,51

‡NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Raya.

§NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Delhi Audit Office and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

‖NOTE 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the prefatory note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1919-20 the Government of Bengal, by moving their offices into the vacated Imperial buildings in Calcutta, saved R4,92,000 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees]

Expenditure.	Actuals, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.	Receipts.	Actuals, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
1. Expenditure of Delhi Province * . .	41,56	47,59	49,93	I.—Revenue of Delhi Province* . . .	34,15	39,49	39,38
2. Compensatory assignment to Punjab Provincial revenues in respect of extra expenditure incurred in administering territories which have been transferred from the old Delhi district to the districts of Rohtak and Gurgaon . .	13	13	13	II.—Assignment from Punjab Provincial revenues to Imperial on account of the creation of the new Province of Delhi, with effect from the 1st October 1912† .	1,91	1,91	1,91
3. Miscellaneous items .	15	17	20	III.—Saving under Calcutta house allowances‡ .	45	52	54
				IV.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices.§ . .	2,50	2,50	2,50
Total expenditure .	41,84	47,89	50,26	V.—Miscellaneous items .	3	3	3
Net expenditure .	2,80	3,44	5,90	Total receipts .	39,04	44,45	44,36

* NOTE 1.—The details of this item are given in Statement II-A.

† NOTE 2.—This assignment represents the amount by which the Provincial outlay on the Delhi area exceeded the Provincial revenue obtained therefrom prior to the constitution of the Imperial enclave, *i.e.*, the net expenditure incurred on that area of which the Local Government has now been relieved.

‡ NOTE 3.—The figures shown against item III will be subject to increase as additional offices are successively transferred from Calcutta to Delhi.

§ NOTE 4.—The figure shown against item IV is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been larger owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I.-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part 1 of pro formâ *account.*

[Figures in thousands of Rupees.]

Items.	Actuals up to end of 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
A.—Salaries and allowances	40,63	...	13,51
B.—Travelling allowances of Officers and Establishment	3,51	...	1,03
C.—Supplies, Services and Contingencies	2,49	...	74
Deduct—Credits due from other heads	...	...	*3,97*
Total A. B. and C.	46,63	...	11,31
D.—Works Expenditure—			
(*i*) Buildings	1,12,52	...	31,44
(*ii*) Communications	7,85	...	2,00
(*iii*) Miscellaneous Public Improvements	4,35	...	2,00
(*iv*) Electric Light and Power	...	...	14,50
(*v*) Irrigation	1,23	...	14,18
(*vi*) Sanitation including water-supply, drainage and sewage	21,25	...	10,66
(*vii*) Purchase of tools and plant	35,13	...	1,00
(*viii*) Stock and Suspense	28,88	...	50
(*ix*) Miscellaneous items	53,97	...	4,41
(*x*) Maintenance during construction	17,48	...	9,00
(*xi*) Railway Division	7	...	50
E.—Acquisition of land	34 78	...	.
F.—Other Miscellaneous expenditure	6	...	..
Adjustment for exchange on outlay in England	...	...	6,89
Deduct—Receipts on Capital Account	—8,98	...	- 1,50
Total	3,56,25	1,24,21	1,0[illegible],89

STATEMENT II-A.

Revenue and Expenditure of Delhi Province.

[Figures in thousands of Rupees.]

Receipts.				Expenditure.			
Major heads of Account.	Actuals, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.	Major heads of Account.	Actuals, 1919-20.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
I.—Customs	45	63	63	2 Taxes on Income	6	4	4
II.—Taxes on Income	8,08	13,73	13,73	5. Land Revenue	1,28	1,47	1,36
IV.—Opium	14	15	15	6. Excise	12	12	12
V.—Land Revenue	3,50	4,11	4,08	7. Stamps—			
VI.—Excise	6,21	6,28	6,28	A. Non-Judicial	9	13	10
VII.—Stamps—				B. Judicial	1	1	1
A. Non-Judicial	2,50	3,48	3,48	9. Registration	11	12	11
B. Judicial	3,26	3,77	3,77	15. Miscellaneous Irrigation Expenditure—Civil	1	2	4
IX.—Registration	38	47	45	22. General Administration—			
XIV.—Irrigation works for which no capital accounts are kept	1	3	3	A. Heads of Provinces	81	1,08	2,37
XVI.—Interest	25	22	20	C. Secretariat	3	7	6
XVII.—Administration of Justice	26	25	24	23. Audit*	22	51	25
XVIII.—Jails and convict settlements	22	12	13	24. Administration of Justice	1,82	1,98	1,81
XIX.—Police	15	21	19	25. Jails and Convict settlements	79	91	92
XXI.—Education	15	15	12	26. Police	5,53	6,71	6,90
XXII.—Medical	5	6	6	28. Ecclesiastical	18	17	21
XXVI.—Miscellaneous Department	19	24	23	29. Political	4	3	1
XXX.—Civil Works—				30. Scientific Department	3	22	20
Civil	1	...	...	31. Education	2,98	3,41	4,55
Departmental	1,62	1,20	1,20	32. Medical	2,89	3,03	3,01
*XXXIII.—Receipts in aid of Superannuation	5	5	5	33. Public Health	50	2,07	1,31
XXXIV.—Stationery and Printing	6	6	8	34. Agriculture	23	27	29
XXXV.—Miscellaneous	6,61	4,28	4,28	37. Miscellaneous Department	3	4	...
				41. Civil Works—			
				Civil	39	4,07	6
				Departmental	15,60	12,90	16,99
Total	34,15	39,49	39,38	44. Territorial and Political Pensions	42	52	51
				45. Superannuation allowances, etc.	2,51	2,52	2,52
				46. Stationery, etc.	18	11	18
				38. Currency	1	3	3
				47. Miscellaneous	3,21	3,63	4,64
				Total	40,08	46,19	48,60
				Special Addition—			
				41. Civil Works, Viceregal Estates, Delhi.	1,48	1,40	1,33
					41,56	47,59	49,93

* Exclusive of the portion of the cost of the Delhi Audit Office, debitable to Part I.

APPENDIX II.

COMMERCIAL AND FINANCIAL STATISTICS.

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COMMERCIAL AND

Table I.—

		1912-1913.	1913-1914.	1914-1915.
Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works, Telegraphs and the Delhi Capital not charged against Revenue—				
Surplus	R	4,66,14,510	3,46,86,345	...
Deficit		...	...	2,67,79,050
Capital Expenditure on Railways and Irrigation Works not charged against Revenue	R	15,33,18,360	17,64,81,930	17,44,95,510
Capital outlay on the Indian Postal and Telegraph Department not charged against Revenue	R	...	...	...
Initial Expenditure on new Capital at Delhi	R	17,23,410	67,07,010	54,05,415
India's Financial Contribution to the War		...	...	...
Net Public Debt incurred	R	4,10,64,585	17,73,000	4,09,09,410
Net Public Debt incurred, including Capital transactions with Railway Companies	R	3,56,60,865	4,80,20,660	8,58,16,620
Value of commodities exported, excluding Gold and Silver	R	2,46,21,80,000	2,49,00,70,000	1,82,17,60,000
Ditto imported, ditto ditto	R	1,66,63,00,000	1,91,30,80,000	1,44,93,10,000
Excess of Exports over Imports, excluding Gold and Silver	R	79,58,80,000	57,69,90,000	37,24,50,000
Net Imports of Gold	R	34,00,10,000	23,32,40,000	7,64,70,000
Ditto of Silver	R	17,19,90,000	13,03,30,000	8,87,20,000
TOTAL NET IMPORTS OF GOLD AND SILVER	R	51,20,00,000	36,35,70,000	16,51,90,000
Excess of Exports over Imports including Gold and Silver	R	28,38,80,000	21,34,20,000	20,72,60,000
Secretary of State's Bills sold (Rupees)	R	38,49,88,178	§ 46,59,68,715	§ 11,61,88,392
Sterling Equivalent received	£	25,759,706	§31,200,827	§7,748,112
Silver coined at the Indian Mints	R	19,53,69,944	13,15,68,537	2,17,95,335
Maximum price in pence of an oz. troy, standard Silver in London		29¾ (3rd December).	28 11/16 (22nd September).	27¼ (30th Apl.).
Minimum ditto ditto		26 1/16 (25th March	25 15/16 (1st December).	22⅛ (13th and 14th Novr.).
Average Exchange upon Secretary of State's Bills sold per rupee		1s. 4·058d.	1s. 4·070d.	1s. 4·004d.
Fixed rate of Exchange for the adjustment of transactions between the Indian and Imperial Treasuries		1s. 4d.	1s. 4d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta.		8 (from 9th Jan. to 12th Feb.).	7 (1st to 16th Apl and 13th Nov. 1913 to 18th Mar. 1914).	6(1st to 30th Apl. and 5th Nov. to 31st Dec. 1914 and 1st Jan. to 31st March 1915).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta		3 (from 11th July to 11th Sept.).	3 (3rd July to 6th Aug.).	3(9th July to 5th Aug.).
Maximum rate of discount at the Bank of England		5 (17th October 1912 to 31st March 1913).	5 (1st to 16th April and from 2nd October 1913 to 7th January 1914).	10 (from 1st to 5th Aug. 1914).
Minimum ditto ditto		3 (9th May to 28th August).	3 (29th January to 31st March 1914).	(from 1st Apl. to 29th July).
Maximum Government balances at the three Presidency Banks	R	5,65,10,000 (Mar.)	6,18 88,000 (Oct.)	10,12,86,000(Aug.
Minimum ditto ditto	R	4,00,35,000 (Apl.)	4,85,95,000 (May)	4,84,03,000(Nov.))
Maximum price in Calcutta of 5 per cent. War Loan 1929—47		...	...	...
Minimum ditto ditto		...	...	...
Maximum price in Calcutta of 5 per cent. income-tax free loan 1945—55		...	...	...
Minimum ditto ditto		...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)		97—2 (3rd to 6th May).	96—12 (19th and 21st July).	96-1 (from 14th to 15th and 17th to 25th July 1914).
Minimum ditto ditto		94—12 (3rd & 6th Jan.).	94—14 (13th & 17th Oct.).	91-8 (13th to 31st March).
Maximum price in Calcutta of 3 per cent Rupee Securities		83—0 (7th May to 14th Oct.).	83—0 (2nd to 4th Sept. 1913 and from 26th Feb. to 31st March 1914).	83 (1st April to 4th Aug. 1914).
Minimum ditto ditto		82—0 (1st to 24th Apl. & 24th Oct. 1912 to 31st March 1913).	82—0 (1st Apl. to 26th Aug.).	77 (31st Aug. to 3rd Sept. 1914).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	R	11,64,68,000 (Apl.	11,11,03,000 (Apl.)	9,95,58,000(Apl.)
Minimum ditto ditto	R	11,13,26,000 (Jan.)	10,08,23,000(Mar.)	9,73,00,000(Mar.)
Maximum price in London of 3½ per cent (Rupee Securities in Gold)		64¾ (May)	64⅝ (Feby.)	63⅞ (May)
Minimum ditto ditto		63 5/16 (Mar.)	63½ (Apl.)	63 (July)
Maximum price in London of India 3½ per cent Stock		94 11/16 (Apl.)	93½ (Jan.)	90½ (Apl.)
Minimum ditto ditto		89 (Mar.)	84 7/8 (Jan.)	80¾ (Mar.)
Maximum price in London of India 3 per cent Stock		80¾ (Apl.)	80¾ (Jan.)	77¼ (Apl.)
Minimum ditto ditto		75 (Mar.)	71½ (Dec.)	69¼ (Mar.)
Maximum price in London of India 2½ per cent Stock		67½ (Apl.)	66 11/16 (Feby.)	64 (Apl.)
Minimum ditto ditto		62 9/16 (Mar.)	59¾ (Jan.)	58 (Jan.)
Maximum Government Paper Currency outstanding	R	68,97,78,000(Mar.)	69,89,84,000(July.	75,44,53,000(July)
Minimum ditto ditto	R	58,33,57,000 (Apl).	61,79,95,000(Sept.)	59,54,67,000(Feb.)
Number of Post Office Savings Banks		9,460	9,824	10,161
Number of accounts in Post Office Savings Banks		1,566,860	1,638,725	1,644,074
Amount deposited in Savings Banks	R	20,61,14,503	23,16,75,467	14,89,26,323
Average of each deposit		131·55	141·38	90·58
Net addition to deposits	R	1,71,29 064	2,55,60,964	—8,67,49,144

§ Include remittances of the Gold Standard Reserve.

dix II.

FINANCIAL STATISTICS

Miscellaneous.

1915-1916.	1916-1917.	1917-1918.	1918-1919.	1919-1920.	1920-1921, Revised.	1921-1922, Budget.
...	11,21,72,550	12,13,06,110	...	...	...	71,00,000
1,78,29,915	...	...	5,73,05,135	23,65,28,825	12,93,26,000	...
8,38,35,975	3,57,66,465	5,91,66,825	7,64,13,315	14,42,99,228	25,15,65,000	17,84,70,000
...	...	...	...	...	...	1,00,00,000
49,69,110	36,64,455	37,58,145	42,86,895	50,35,427	1,24,21,000	1,06,89,000
...	...	1,50,00,00,000	...	...	...	...
3,56,97,510	11,56,72,620	1,73,76,00,090	11,47,30,575	8,90,70,517	60,52,32,000	—2,53,76,000
8,70,82,920	11,24,45,190	1,72,84,25,100	10,21,76,220	8,22,61,939	59,93,14,000	—2,55,29,000
1,99,48,00,000	2,47,31,10,000	2,44,89,50,000	2,55,32,00,000	(*b*)3,32,75,80,000	(*b*)2,47,11,90,000	
1,38,16,90,000	1,60,24,90,000	1,64,35,50,000	1,88,56,20,000	(*b*)2,21,70,20,000	(*b*)3,20,46,80,000	
61,31,10,000	87,06,20,000	80,54,00,000	66,75,80,000	1,11,05,60,000	(*c*)—73,34,90,000	
†—*1,10,90,000*	13,23,50,000	25,17,80,000	†—5,56,40,000	35,33,00,000	(*b*)7,03,2 ,0 0	
4,83,00,000	18,80,00,000	19,04,20,000	67,91,90,000	29,22,90,000	(*b*)3,33,00,000	
3,72,10,000	32,03,50,000	44,22,00,000	62,35,50,000	64,55,90,000	(*b*)1 ,36,20,000	
57,59,00,000	55,02,70,000	36,32,00,000	4,40,30,000	46,49,70,000	(*c*)—83,71,10,000	
§50,36,57,471(*a*)	§49,04,34,364 (*a*)	§50,63,87,176(*a*)	(*a*)28,65,41,000	34,54,98,000	...	
§20,354,517(*a*)	§32,998,095 (*a*)	§34,880,682(*a*)	(*a*)20,946,314	31,226,219	...	
1,62,02,199	30,77,07,326	23,87,07,287	52,05,35,309	37,72,19,757	3,32,30,026	
28$\frac{13}{16}$ (31st March 1916.)	38$\frac{7}{16}$ (13th Feby. 1917).	55 (21st to 24th Septr. 1917).	50 (28th March 1919).	89$\frac{3}{8}$ (11th Feb. 1920).	72$\frac{1}{8}$ (7th April 1920).	
22$\frac{3}{8}$ (5th Aug. 1915.)	28$\frac{5}{8}$ (10th July 191).	36$\frac{9}{16}$ (13th to 17th April 1917).	45$\frac{1}{4}$ (8th to 10th Apl. 1918.)	48$\frac{9}{16}$ (4th April and 6th May 1919).	31$\frac{1}{8}$ (4th March 1921).	
1*s.* 4·087*d.*	1*s.* 4·148*d.*	1*s.* 4·536*d.*	1*s.* 5·544*d.*	1*s.* 9·691 *d.*	...	
1*s.* 4*d.*	1*s.* 4*d.*	1*s.* 4*d.* and 1*s.* 5*d.*	1*s.* 5*d.* and 1*s.* 6*d.*	1*s.* 6*d.*, 1*s.* 8*d.*, 2*s.*, 2*s.* 4*d.*, and 2*s.* 9*d.*	2*s.* 8*d.*, 2*s.* 4*d.*, 2*s.* 2$\frac{1}{4}$*d.*, 2*s.*, 1*s.* 11*d* , 1*s.* 10$\frac{1}{4}$*d.*, 1*s.* 8$\frac{1}{4}$*d.*, 1*s* 5$\frac{1}{4}$*d.* 1*s.* 6*d.*,& 1*s.* 4$\frac{3}{4}$*d.*	
8 (20th Jan. 1916 to 31st March 1916.)	8 (1st to 13th April 1916 and 9th Nov. 1916 to 21st Feb. 1917.)	6 (1st April to 6th Septr. 1917 and 3rd Jany. to 31st March 1918.)	7 (16th Jan. to 26th Mar. 1919).	7 (12th to 31st Mar. 1920).	7 (1st Apl to 9th June 1920, 18th Nov. 1920, to 28th Feb. 1921).	
5 (2nd June to 22nd Sept.).	5 (22nd June to 13th Sept.)	5 (7th Septr. 1917 to 2nd Jany. 1918.)	5 (23rd May to 6th Novr. 1918).	5 (6th June 1919 to 14th Jan. 1920).	5 (1st July to 3rd Nov. 1920).	
	6 (13th July 1916 to 17th Jany. 1917.)	5$\frac{1}{2}$ (2nd to 4th April 1917.)		6 (6th Novr. 1919 to 31st Mar. 1920.)	7 (15th April 1920 to 28th Feb. 1921.)	
5 (1st Apl. 1915 to 31st Mar. 1916.)			5 (1st Apl. 1918 to 31st Mar. 1919).			
	5 (1st April to 12th July 1916.)	5 (5th April 1917 to 31st March 1918.)		5 (1st April 1919 to 5th Nov. 1919).	6 (1st to 14th April 1920.)	
8,87,07,000 (Aug.)	10,11,86,000(Mar.)	22,65,24,000(June)	18,60,47,000(Sept.)	18,26,33,000 (Feb.)	20,38,41,000(July)	
4,42,76,000 (Nov.)	4,84,33,000 (May)	7,37,68,000 (Nov.)	6,54,89,000 (Apl.)	7,04,92,000(Sept.)	6,42,34,000(Nov.)	
...	...	...	93	95	90	
...	...	...	90	90	77	
...	...	...	...	95$\frac{1}{2}$ to 96	95$\frac{1}{2}$ to 95	
...	...	...	...		78$\frac{1}{2}$	
93-2 (5th to 11th June 1915.) (*d*)	82 (7th and 11th to 14th April 1916.)	70 (6th to 14th Sep. and 31st Oct 1917 to 7th Feb. 1918.)	81 (7th to 21st Nov. 1918.)	71 (1st April to 17th May).	60 (1st to 16th April 1920 and 5th to 15th January 1921).	
79$\frac{1}{2}$ (23rd Dec. 1915 to 6th Jan. 1916.)	69 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	67 (20th June to 24th Aug. 1917.)	65 (3rd May to 24th June 1918).	60 (27th Feb. to 31st Mar. 1920).	52 (1st Nov. to 22nd Dec. 1920)	
80 (1st Apl. to 28th June 1915.)	70 (6th to 20th April 1916.)	60 (6th to 14th Sep. and 31st Oct. to 16th March 1918.)	69 (5th to 22nd Nov. 1918).	62 (1st April to 17th May).	50 (1st April to 5th Oct. 1920 and 5th to 15th January 1921).	
67$\frac{1}{2}$ (23rd Dec. 1915 to 6th Jan. 1916.)	59 (22nd Feb. to 2nd March and 20th to 31st March 1917.)	57 (20th June to 24th Augt. 1917.)	58 (11th Apl. to 24th June 1918.)	50 (27th Feb. to 31st Mar. 1920).	42 (1st Nov. to 22nd Dec. 1920)	
9,66,98,000 (Apl.)	8,76,76,000 (Apl.)	8,06,95,000(Apl.)	8,17,24,000 (Mar.)	8,16,74,000 (Apl.)	6.65,19,000 (Apl.)	
8,81,17,000 (Dec.)	8,30,42,000 (Mar.)	7,47,56,000(March)	7,34,70,000(July)	7,43,58,000 (Dec.)	6,13,12,000 (Sep.)	
No quotation.	No quotation.	52	54	74	63$\frac{3}{4}$	
		44$\frac{3}{8}$	44	49$\frac{1}{2}$	33$\frac{1}{2}$	
82$\frac{1}{8}$ (May).	80$\frac{7}{8}$	69$\frac{7}{8}$	74	69$\frac{7}{8}$	61	
80$\frac{3}{4}$ (Apl.)	62$\frac{3}{4}$	61$\frac{3}{4}$	62	54$\frac{1}{8}$	51$\frac{1}{8}$	
70$\frac{1}{4}$ (Apl.)	69$\frac{3}{8}$	60$\frac{1}{4}$	64	60$\frac{3}{4}$	53	
69$\frac{1}{4}$ (Apl.)	55$\frac{1}{4}$	53	53$\frac{1}{4}$	47$\frac{1}{4}$	43$\frac{1}{2}$	
59$\frac{3}{8}$ (Apl.)	57$\frac{1}{8}$	50	53$\frac{7}{8}$	50$\frac{3}{4}$	43	
57 (May.)	47	45$\frac{1}{8}$	44$\frac{3}{4}$	40	37$\frac{3}{8}$	
68,06,10,000(July)	86,37,52,000(Mar.)	1,14,76,87,000,(Oct.)	1,53,46,48,000 (Mar.)	1,85,14,79,000 (Jan.)	1,70,73,89,000 (April)	
60,24,42,000 (Apl.)	65,46,90,000 (Apl.)	82,72,35,000 (Apl.)	1,05,96,05,000 (Apl.)	1,53,72,07,000 (April).	1,57,62,82,000 (Sept).	
10,386	10,421	10,975	10,587	10,670		
1,660,424	1,647,419	1,637,600	1,677,407	1,760,442		
15,32,12,517	16,59,53,401	16,58,46,470	18,82,44,749	21,34,84,628		
92·27	100·73	101·27	112·22	121·26		
42,86,194	1,27,40,884	—1,06,931	2,23,98,279	2,52,39,787		

(*a*) Include remittance of the Currency Department. (*b*) Figures for 11 months (April to February). † Represents net exports of gold.
(*c*) Net imports.

Appendix II.

Commercial and Financial Statistics.

Table II.– Capital Expenditure on State Railways in 1919-1920, and Estimated Expenditure on such works in 1920-1921 and 1921-1922. and to end of 1921-1922.

Railways.	To end of 1918-1919.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.	To end of 1921-1922.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
OPEN LINES.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
State Railways Worked by State.								
Aden Railway	3,88,701	2,36,907	3,85,000	5,00,000	15,10,608	...	...	
Delhi (new Capital) Railway Works scheme.	...	...	3,50,000	8,06,000	11,56,000	...	...	
Eastern Bengal	32,64,04,568	1,40,19,138	1,80,08,000	1,07,84,000	36,92,15,706	...	...	
Frontier Railway Reserve Material	5,52,926	21,50,717	31,64,000	...	58,67,642	...	...	
Jodhpur-Hyderabad (British Section)	45,46,806	26,622	47,000	42,000	46,62,428	...	...	
North Western	77,85,13,946	3,01,19,627	2,82,51,000	1,53,63,000	85,22,47,573	...	...	
Nushki Extension	2,65,38,852	36,76,640	—5,29,000	3,22,000	3,00,08,492	...	...	
Oudh and Rohilkhand	12,39,40,443	45,84,858	54,04,000	42,46,000	13,81,75,301	...	...	
Stores	1,38,053	—1,01,56,856	...	...	—1,00,18,803	...	...	
Total undischarged liability involved in the purchase by the State of the capital of the old Guaranteed Railway Companies.	25,13,14,850	—27,18,200	—21,47,000	—32,40,000	24,32,09,650	...	...	
	1,51,23,39,144	4,19,39,453	5,29,33,000	2,88,23,000	1,63,60,34,597	...	...	
LINES IN ABEYANCE.								
Bilaspur-Etawah	75,132	...	...	...	75,132			
Nagpur-Chhattisgarh (Depreciation Account).	6,57,038	...	...	...	6,57,038			
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450			
Petroleum Operations, Baluchistan	1,19,187	...	...	...	1,19,187			
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071			
Umaria Colliery	1,82,672	...	...	...	1,82,672			
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035			
Warora Colliery	10,41,415	...	...	...	10,41,415	...	...	
TOTAL LINES IN ABEYANCE	31,50,000	...	...	...	31,50,000			
TOTAL STATE RAILWAYS WORKED BY STATE	1,51,54,89,144	4,19,39,453	5,29,33,000	2,88,23,000	1,63,91,84,597			

Appendix II—*continued.*

Railways	To end of 1918-1919.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.	To end of 1921-1922.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
OPEN LINES.								
State Railways Worked by Companies.								
Agra-Delhi Chord	1,48,95,789	27,361	1,11,000	6,50,000	1,56,84,141	...	...	
Ahmedabad-Dholka (earthwork, etc.)	59,900	...	...	...	59,900	..	...	
Assam-Bengal (including Chittagong Port)	15,77,42,151	51,61,533	58,47,000	30,00,000	17,17,50,684	...	...	
Ditto (Land)	56,22,290	5,427	66,000	...	56,93,717	...	...	
Ditto Interest	46,52,190	...	...		46,52,190	...	...	
Baran-Kotah	49,50,687	...	...	50,000	50,00,687	...	...	
Bengal-Nagpur Railway	42,54,86,742	2,68,67,450	3,57,60,000	2,14,70,000	50,95,84,192	...	...	
Bezwada Extension	12,49,908	465	59,000	40,000	13,49,373	...	...	
Bhopal	41,30,903	24,269	3,13,000	1,00,000	45,68,172	...	...	
Bombay, Baroda and Central India	32,32,95,847	1,07,07,845	1,95,92,000	1,16,69,000	26,52,64,692	...	...	
Burma	17,75,15,073	5,41,260	39,10,000	43,55,000	18,63,51,333	...	...	
Burma Railway Extensions	2,18,47,138	33,025	2,84,000	1,30,000	2,22,94,163	...	...	
Cawnpur-Banda	80,40,667	71,689	60,000	2,00,000	83,72,356	...	...	
Coonoor-Ootacamund	43,06,080	1,264	5,88,000	91,000	49,86,344	...	...	
Dharmapuri Hosur Extension	21,30,509	...	...	...	21,30,509	...	...	
Dhone-Kurnool	10,18,342	...	...	5,000	10,23,342	...	...	
East Indian	39,00,93,815	4,52,18,333	3,17,88,000	2,44,07,000	49,15,07,148	...	...	
Great Indian Peninsula Railway System	27,64,97,684	1,49,85,666	2,69,54,000	1,82,03,000	33,66,40,350	...	...	
Lucknow-Bareilly	1,30,76,891	6,81,555	2,19,000	2,37,000	1,42,14,446	...	...	
Madras and Southern Mahratta Railway	24,22,92,163	1,10,50,119	1,89,07,000	81,95,000	28,04,44,282	...	...	
Rohilkund and Kumaon Railway (Ganges bridge)	76,416	...	...	...	76,416	...	...	
South Bihar	67,59,081	...	...	...	67,59,081	...	...	
South Indian	9,59,12,961	13,36,783	94,65,000	54,04,000	11,21,18,744	...	...	
Southern Shan States (Thazi Aungban)	1,53,77,679	—1,20,767	7,000	2,29,000	1,54,92,912	...	...	
Tinnevelly Quilon (British Section)	43,67,536	354	10,000	20,000	43,97,890	...	...	
Ditto (Indian State Section)	1,18,59,126	2,020	5,15,000	5,70,000	1,29,46,146	...	...	
Tirhoot Railway and Extensions	7,98,35,468	12,45,553	24,33,000	10,23,000	8,45,37,021	...	...	
Total undischarged liability involved in the purchase by the State of the capital of the old Guaranteed Railway Companies.	1,02,88,00,620	—1,18,73,200	—93,70,000	—1,41,37,000	99,34,20,420	...	...	
Total State Railways worked by Companies	3,32,18,93,647	10,59,62,004	14,75,48,000	8,59,11,000	3,66,13,20,651	...	...	
Total Open Lines	4,83,73,82,791	14,79,07,457	20,04,81,000	11,47,34,000	5,30,05,05,248	...	...	

Appendix II—*continued.*

Railways.	To end of 1918 1919.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.	To end of 1921-1922.	Sanctioned Outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Total Open Lines brought forward	4,83,73,82,791	14,79,07,457	20,04,81,000	11,47,34,000	5,30,05,05,248	...	...	
LINES UNDER CONSTRUCTION.								
State Railways worked by State.								
Kaur Kirgi	...	...	15,39,000	82,000	16,21,000			
Khyber Railway	...	...	16,80,000	45,20,000	62,00,000			
Tank Murtaza	11,56,260	5,26,903	4,50,000	...	21,33,163	19,51,835		
State Railways worked by Companies.								
Amda Jamda	...	3,52,663	25,00,000	25,00,000	53,52,663	73,17,636	19,64,973	
Aungban Heho	3,04,598	3,87,638	6,52,000	...	13,44,236	*		
Bokaro Ramgarh Extension—								
East Indian Railway share	...	...	1,00,000	3,00,000	4,00,000			
Bengal Nagpur Railway share	...	...	1,00,000	3,00,000	4,00,000			
Bombay Harbour Branch Extension	36,52,239	—72,917	1,03,000	10,00,000	46,82,322	71,97,901	25,15,579	
Vizagapatam Harbour	...	...	10,00,000	...	10,00,000	*		
Itarsi-Nagpur and branch to Pench Valley Coalfields	2,69,53,644	2,65,700	4,66,000	10,00,000	2,86,85,344	2,85,15,862		
Kasta Branch	...	...	12,13,000	4,37,000	16,50,000	17,13,285	63,285	
Onlajori Badampahar Branch	...	3,93,021	9,10,000	3,24,000	16,27,021	18,64,640	2,37,619	
Parvatipore Singapore Road	2,68,265	21,219	30,000	...	3,19,484	2,50,42,000	2,47,22,516	
Pinmana Magwe	80,241	84,649	—1,65,000	...	—110			
Majri Rajpur			25,000	10,00,000	10,25,000	†		
Dholka-Dhandhuka	...	...	14,50,000	5,00,000	19,50,000	*		
Total Lines under construction	3,24,15,247	19,58,876	1,20,53,000	1,19,63,000	5,83,90,123			
Reserve	...	...	...	59,26,000	59,26,000			
Exchange	—62,71,989	—2,41,11,266	+2,62,97,000	+2,81,56,000	+2,40,69,745			
Deduct Lapses anticipated	...	...	—50,00,000	...	—50,00,000			
TOTAL	4,86,35,26,049	12,57,55,067	23,38,31,000	16,07,79,000	5,38,38,91,116			
Provincial—								
Jorhat	10,91,313	28,080	...	...	11,19,393			
United Provinces—Resin distillery	1,01,592	76,169	...	...	1,77,761			
Burma	...	...	...	...	-			
GRAND TOTAL	4,86,47,18,954	12,58,59,316	23,38,31,000	16,07,79,000	5,38,51,88,270			

* Revised Estimates are awaited.

† Estimate has not yet been sanctioned by the Secretary of State.

Appendix II—*continued.*

Railways.	To end of 1918-1919.	Accounts, 1919-1920.	Revised Estimate, 1920-1921.	Budget Estimate, 1921-1922.	To end of 1921-1922.	Sanctioned outlay.	Balance remaining unspent.	Remarks.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Grand Total brought forward	4,86,47,18,954	12,58,59,316	23,38,31,000	16,07,79,000	5,38,51,88,270			
Distributed as under—								
Capital Expenditure on Railways (not charged to Revenue)—								
53. Construction of Railways	3,44,37,54,585	14,03,46,467	24,53,48,000	17,81,56,000	4,00,76,05,052			
Total undischarged liability involved in the purchase by the State of the Capital of the Old Guaranteed Railway Companies.	1,28,01,15,470*	—1,45,91,400	—1,15,17,000	—1,73,77,000	1,23,66,30,070			
Capital Expenditure on Railways (charged to Revenue)—								
13. Construction of Railways—								
Central	13,32,56,749	...	...	...	13,32,56,749			
Provincial	75,92,150	1,04,249	...	...	76,96,399			
Total as above	4,86,47,18,954	12,58,59,316	23,38,31,000	16,07,79,000	5,38,51,88,270			

Class and name of Railway.	Total initial liabilities.*	Deduct.		Total undischarged liabilities.
		Amount redeemed by annuities.	Amount redeemed by sinking fund.	
State Railways worked by the State—				
Eastern Bengal Railway	4,92,01,450	53,18,750	24,60,880	4,14,21,820
North Western Railway	14,00,95,290	1,60,43,730	2,02,37,220	10,38,14,340
Oudh and Rohilkhand Railway	10,33,60,490	...	...	10,33,60,490
Total	29,26,57,230	2,13,62,480	2,26,98,100	24,85,96,650
State Railways worked by the Company—				
Bombay, Baroda and Central India Railway	14,48,04,460	...	...	14,48,04,460
East Indian Railway	37,50,75,160	5,26,98,280	3,48,11,350	28,75,65,530
Great Indian Peninsula Railway	47,51,06,680	8,39,53,130	...	39,11,53,550
Madras and Southern Mahratta Railway	14,96,43,580	1,31,65,270	...	13,64,78,310
South Indian Railway	5,69,25,570	...	...	5,69,25,570
Total	1,20,15,55,450	14,98,16,680	3,48,11,350	1,01,69,27,420
Grand Total	1,49,42,12,680	17,11,79,160	5,75,09,450	1,26,55,24,070*

STATE RAILWAYS WORKED BY THE STATE.

Appendix II—*continued.*

Commercial and Financial Statistics.

Table III.—Gross receipts, working expenses, and net receipts of State Railways for five years ending 1919-1920, with Revised Estimates for 1920-1921 and Budget Estimates for 1921-1922.

(Omitting 000, except in Accounts.)

State Railways.	Accounts.					Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
	1915-1916.	1916-1917.	1917-1918.	1918-1919.	1919-20.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at beginning of year . . .	26,369	26,433	26,572	26,464	26,106	26,536	26,725
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Receipts.							
INDIA.							
State Railway worked by the State.							
Aden Tramway . .	14,472	1,53,579	1,43,485	2,00,020	—1,20,109	3,00	3,00
Eastern Bengal . .	3,53,38,268	3,70,21,485	3,48,74,771	3,82,07,444	4,45,15,072	4,65,00	5,25,00
North Western . .	8,39,36,357	9,66,56,409	12,24,77,224	12,46,94,829	12,32,80,625	12,85,00	13,72,00
Oudh and Rohilkhand .	2,26,21,042	2,61,76,455	2,82,00,370	3,29,48,935	3,14,64,244	3,10,00	3,30,00
State Railways worked by Companies.							
Assam-Bengal . . .	67,98,442	68,86,463	72,64,284	79,08,099	1,04,20,975	1,04,00	1,20,00
Bengal-Nagpur . .	4,47,61,637	5,09,20,784	5,58,76,074	6,19,41,370	6,59,31,392	6,45,00	7,00,00
Bezwada Extension . .	4,58,138	4,89,673	5,13,179	5,22,461	5,47,023	5,70	6,00
Bombay, Baroda and Central India System . .	6,75,24,858	7,52,69,779	8,02,80,536	9,46,92,452	9,67,12,806	10,12,00	10,75,00
Burma	2,00,98,744	2,21,87,251	2,20,65,877	2,63,70,481	2,97,14,049		
Burma Railway Extensions . . .	17,57,133	20,69,109	20,58,705	25,45,496	27,14,727	3,25,00	3,54,00
Southern Shan States .	3,39,165	3,38,109	4,39,884	4,80,827	5,29,400		
East Indian . . .	10,60,08,844	11,02,01,205	11,61,42,477	13,43,96,239	13,25,76,404	14,05,00	14,70,00
Great Indian Peninsula including Indian Midland .	9,01,17,305	9,67,50,475	10,55,60,401	11,88,02,697	12,60,42,370		
Agra-Delhi Chord .	28,84,018	30,47,574	33,67,179	44,50,953	46,98,873		
Bhopal . . .	6,58,689	7,87,907	9,94,950	11,16,515	11,00,906	13,70,00	14,50,00
Barau-Kotah . .	2,21,240	2,43,097	1,61,978	1,83,314	1,88,936		
Cawnpore-Banda .	4,05,258	3,68,286	3,08,939	3,20,819	3,73,187		
Jodhpur-Hyderabad (British Section) . . .	11,39,522	13,81,452	19,53,656	19,90,444	15,81,739	18,00	20,00
Lucknow-Bareilly . .	18,76,076	25,27,980	26,74,674	31,54,296	30,02,910	31,00	33,00
Madras and Southern Mahratta Railway . .	4,20,29,319	4,68,93,840	5,20,76,904	5,42,92,629	5,73,95,956		
Mysore State lines .	37,66,070	39,86,015	41,47,617	44,48,501	41,36,445	6,13,00	6,40,00
Dhone-Kurnool . .	1,31,028	1,40,000	1,20,216	1,48,714	1,76,829		
South Indian . . .	2,93,14,815	3,22,67,342	3,23,61,272	3,58,90,979	4,01,48,113	4,25,00	4,85,00
Tinnevelly-Quilon .	9,85,938	10,27,354	11,46,203	15,11,462	18,44,613		
Tirhoot	92,58,479	97,89,074	92,55,829	1,09,19,483	1,11,33,060	1,10,00	1,17,00
Exchange .	...	...	...	...	...	+69	+97
Total India .	57,24,44,857	62,75,80,697	68,74,66,684	76,21,39,459	79,01,40,545	81,27,39	87,00,97
ENGLAND.							
Receipts in England .	44,250	17,22,916	16,09,425	3,08,925	7,29,105	4,86	4,86
Total England .	44,250	17,22,916	16,09,425	3,08,925	7,29,105	4,86	4,86
Grand Total .	57,24,89,107	62,93,03,613	68,90,76,109	76,24,48,384	79,08,69,650	81,32,25	87,05,83

Appendix II—*continued.*

State Railways.	Accounts.					Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
	1915-1916.	1916-1917.	1917-1918.	1918-1919.	1919-1920.		
Working Expenses.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INDIA.							
State Railways worked by the State.							
Aden Tramway . . .	20,093	1,09,400	1,75,253	2,56,014	—48,185	2,31	3,60
Eastern Bengal . . .	2,12,05,545	2,00,85,079	2,01,05,680	2,25,04,170	3,02,66,454	2,90,24	3,61,88
North Western . . .	4,93,13,607	4,83,45,891	5,24,46,336	6,86,38,796	8,04,38,819	9,85,00	10,35,84
Oudh and Rohilkhand . .	1,11,94,413	1,14,27,227	1,07,12,455	1,32,83,882	1,82,62,800	1,89,00	2,33,86
State Railways worked by Companies.							
Assam-Bengal . . .	52,58,747	52,42,112	55,08,773	62,66,776	84,18,871	87,49	90,29
Bengal-Nagpur . . .	2,21,93,629	2,48,54,230	2,68,97,566	3,03,67,272	3,88,42,329	4,24,90	4,47,56
Bezwada Extension . . .	2,58,429	2,81,452	2,44,255	1,68,179	2,48,211	2,88	2,90
Bombay, Baroda and Central India System . . .	3,29,79,155	3,19,13,142	3,50,50,406	4,19,55,223	5,33,70,406	6,74,00	7,18,00
Burma Railways . .	1,15,45,605	1,15,02,897	1,17,98,856	1,38,97,390	1,62,64,168		
Burma Railway Extensions .	10,95,206	10,95,202	11,19,275	14,27,905	17,16,303	2,21,19	2,40,82
Southern Shan States .	3,17,751	2,82,832	4,16,935	4,53,119	5,29,640		
East Indian	4,13,84,866	4,07,26,689	4,08,74,776	4,65,18,866	5,88,77,044	7,38,31	7,48,50
Great Indian Peninsula including Indian Midland . . .	5,10,75,174	5,29,32,189	5,71,01,787	6,96,05,861	7,86,59,628		
Agra-Delhi Chord . .	16,44,874	16,37,296	17,92,510	25,44,969	29,41,579		
Bhopal	3,78,387	4,22,626	5,29,657	6,37,130	6,90,091	10,15,51	10,93,00
Baran-Kotah . . .	1,10,620	1,21,549	80,989	91,657	94,468		
Cawnpore-Banda . .	2,45,122	2,17,595	1,79,755	1,99,214	2,54,308		
Jodhpur-Hyderabad (British Section)	6,73,618	7,61,906	8,87,890	9,37,398	10,00,697	12,60	13,24
Lucknow-Bareilly . . .	9,75,409	9,94,176	11,01,609	13,29,501	16,91,503	17,00	16,83
Madras and Southern Mahratta Railway	2,23,26,647	2,42,85,663	2,46,21,576	2,68,03,903	3,17,82,724		
Mysore State lines . .	20,28,447	20,86,945	19,91,442	22,00,032	22,76,326	4,18,80	4,68,00
Dhone Kurnool . .	77,593	84,783	73,322	87,891	1,07,174		
South Indian	1,46,02,933	1,61,70,522	1,52,01,322	1,57,04,971	2,18,16,709	2,74,41	3,22,00
Tinnevelly Quilon .	5,84,868	6,08,598	6,68,841	7,95,884	11,03,963		
Tirhoot	37,07,574	33,94,803	43,76,248	40,64,400	49,49,391	51,91	48,68
Reserve	...	...	...	...	...	...	—4,00
Exchange . .	...	...	...	...	...	+1,30	+1,82
Total India .	29,51,98,312	29,95,84,804	31,34,57,514	37,06,49,703	45,45,55,861	54,12,85	58,60,82
ENGLAND.							
Leave allowance . .	...	...	...	...	...	8,60	8,60
Revenue expenditure .	29,51,98,312	29,95,84,804	31,34,57,514	37,06,49,703	45,45,55,861	54,21,45	58,69,42

Appendix II —*concluded.*

State Railways.	Accounts. 1915-1916.	1916-1917.	1917-1918.	1918-1919.	1919-1920.	Revised Estimate, 1920-21.	Budget Estimate, 1921-22.
Net Receipts.	R	R	R	R	R	R	R
INDIA.							
State Railways worked by the State.							
Aden Tramway	—5,621	44,179	—31,768	—55,994	—71,924	69	—1
Eastern Bengal	1,41,32,723	1,69,86,406	1,47,69,091	1,57,03,274	1,42,78,618	1,68,76	1,63,12
North-Western	3,16,22,750	4,83,10,518	7,00,30,888	5,60,56,033	4,28,41,806	3,00,00	3,36,16
Oudh and Rohilkhand	1,14,26,629	1,47,49,228	1,74,87,915	1,96,65,753	1,32,01,444	1,31,00	96,14
State Railways worked by Companies.							
Assam-Bengal	15,39,695	16,44,351	17,55,511	16,41,323	20,02,104	16,51	29,71
Bengal-Nagpur	2,36,68,008	2,60,66,554	2,94,78,508	3,15,74,098	2,70,88,563	2,20,10	2,52,44
Bezwada Extension	1,99,709	2,08,221	2,68,924	3,54,282	2,98,812	2,82	3,10
Bombay, Baroda and Central India System	3,45,45,703	4,33,56,637	4,52,30,130	5,27,37,229	4,33,42,400	3,38,00	3,57,00
Burma Railways	85,53,140	1,06,84,354	1,02,67,021	1,24,73,091	1,34,49,941		
Burma Railway Extensions	6,61,926	9,73,907	9,39,430	11,17,591	9,98,424	1,03,81	1,13,18
Southern Shan States	21,414	55,277	22,949	27,708	—240		
East Indian	6,46,23,978	6,94,74,516	7,52,67,701	8,78,77,373	7,36,99,360	6,66,69	7,21,50
Great Indian Peninsula including Indian Midland	3,90,42,131	4,38,18,286	4,84,58,614	4,91,96,836	4,73,82,742		
Agra-Delhi Chord	12,39,144	14,10,278	15,74,669	19,05,984	17,57,294		
Bhopal	2,80,302	3,65,281	4,65,293	4,79,385	4,10,815	3,54,49	3,57,00
Baran-Kotah	1,10,620	1,21,548	80,989	91,657	94,468		
Cawnpore-Banda	1,60,136	1,50,691	1,29,184	1,21,605	1,18,879		
Jodhpur-Hyderabad (British Section)	4,65,904	6,19,546	10,65,766	10,53,046	5,81,042	5,40	6,76
Lucknow-Bareilly	9,00,667	15,33,804	15,73,065	18,24,795	13,11,407	14,00	16,17
Madras and Southern Mahratta Railway	1,97,02,672	2,26,08,177	2,74,55,328	2,74,88,726	2,56,13,232		
Mysore State lines	17,37,623	18,99,070	21,56,175	22,48,469	18,60,119	1,94,20	1,72,00
Dhone-Kurnool	53,435	55,217	46,894	60,823	69,655		
South Indian	1,47,11,882	1,60,96,820	2,01,59,950	2,01,86,008	1,83,31,404		
Tinnevelly-Quilon	4,01,070	4,18,756	4,77,362	8,05,578	7,40,650	1,50,59	1,63,00
Tirhoot	55,50,905	63,94,271	48,79,581	68,55,083	61,83,669	58,09	68,32
Reserve	...	...	...	...	...	...	—14,00
Exchange	...	...	...	...	...	—61	—85
Total India	27,72,46,545	32,79,95,893	37,40,09,170	39,14,89,756	33,55,84,684	27,14,54	28,40,15
ENGLAND.	44,250	17,22,916	16,09,425	3,08,925	7,29,105	—3,74	—3,74
Grand Total	27,72,90,795	32,97,18,809	37,56,18,595	39,17,98,681	33,63,13,789	27,10,80	28,36,41

Appendix II—*concluded.*

Table IV.—Capital Account of Indian Branch Line Companies.

Railways.	Actuals, 1919-20.		Revised Estimate, 1920-21.		Budget Estimate, 1921-22.	
	Receipts.	Withdrawals.	Receipts.	Withdrawals.	Receipts.	Withdrawals.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ahmedabad-Parantij	..	1,088	..	...	..	...
Ahmedabad-Dholka	...	855	...	...	...	
Amritsar-Patti-Kasur	...	4,919	13	17		
Baripada Talband	537,000	4,55[illegible]4	1,24	2,..		
Branch lines under the Bombay, Baroda and Central India Railway.	...	...	45		54	1,[illegible] 1,[illegible]
Branch lines under the audit of the Government Examiner, East Indian Railway.	4,192	330	...	...	...	...
Central Provinces Railways	11,702	17,762	43	69	78	78
Chaparmukh-Silghat	4,34,990	3,97,762	3,82	4,30	...	...
Dhond-Baramati	1,000	3,205	3	3	20	20
Hardwar-Dehra	24,200	15,788	36	46	46	8
Kalighat-Falta	...	110	...	...	...	...
Katakhal-Lala Bazar	4,848	6,756	3,97	4,00	4,00	4,00
Khulna-Bagerhat	—3,296	—13,176	58	81	47	47
Mandra-Bhaun	...	—4,592	...	1	5	12
Mymensingh-Bhairab Bazar	40,000	1,03,047	1,32	1,32	1,20	1,20
Mymensingh-Jagannathgunj	...	1,491	...	...	...	...
Pachora-Jamner	23,000	—2,104	...	11	...	25
Panposh-Raipura	2,09,490	2,08,086	1,18	1,22	1,87	1,87
Sara-Serajgunj	...	44,320	...	60	...	1,16
Sialkot-Narawal	...	12,429	...	2	...	5
Tapti Valley	...	2,298	...	...	...	...
Variations anticipated	...	...	—12	—5	+1,24	+1,24
Total	12,87,126	12,47,584	13,39	16,34	12,18	13,71
Net receipts or withdrawals	39,542	...	...	2,95	...	1,53

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